



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

44th PARLIAMENT, 1st SESSION

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# Standing Committee on Government Operations and Estimates

EVIDENCE

**NUMBER 005**

Friday, February 11, 2022

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Chair: Mr. Robert Kitchen





# Standing Committee on Government Operations and Estimates

Friday, February 11, 2022

• (1300)

[English]

**The Chair (Mr. Robert Kitchen (Souris—Moose Mountain, CPC)):** It's one o'clock, so we're going to be on time. This is a Friday, so we want to get moving as quick as we can.

Welcome, everybody, to meeting number five of the House of Commons Standing Committee on Government Operations and Estimates. Today we will be receiving a briefing from representatives of Canada Post Corporation.

Today's meeting is taking place in a hybrid format, pursuant to the House order of November 25, 2021. Members are attending in person in the room and remotely using the Zoom application. Regarding the speaking list, the committee clerk and I will do our best to maintain a consolidated order of speaking for all members, whether participating virtually or in person.

I'd like to take this opportunity to remind all participants at this meeting that screenshots or taking photos of your screen is not permitted.

Given the ongoing pandemic situation and in light of the recommendations from public health authorities as well as the directive of the Board of Internal Economy on October 19, 2021, to remain healthy and safe, the following is recommended for all those attending the meeting in person.

Anyone with symptoms should participate by Zoom and not attend the meeting in person. Everyone must maintain two-metre physical distancing, whether seated or standing. Everyone must wear a non-medical mask when circulating in the room. It is recommended in the strongest possible terms that members wear their masks at all times, including when seated. Non-medical masks, which provide better clarity over cloth masks, are available in the room.

Everyone present must maintain proper hand hygiene by using the hand sanitizer at the room entrance. Committee rooms are cleaned before and after each meeting. To maintain this, everyone is encouraged to clean the surfaces, such as the desk, chair and microphone, with the provided disinfectant wipes when vacating or taking a seat.

As the chair, I will be enforcing these measures for the duration of the meeting. I thank members in advance for their co-operation.

Before we start, I would like to remind members that we had to cut short the meeting on Tuesday, February 8 due to the sound issues that interfered with the interpretation. Regrettably, we were

able to hear from the procurement ombudsman and his colleagues for only one hour. I'm happy to inform members that the procurement ombudsman has agreed to appear before the committee on Friday, February 18, 2022, from 1 p.m. until 2 p.m. in order to continue answering members' questions.

During the second hour of that meeting on February 18, the committee will meet in camera to discuss the work plans for the committee's study on the air defence procurement projects and its study on the national shipbuilding strategy.

With that said, I will now invite the representatives of Canada Post Corporation to make their opening statements.

Madam Fortin, you have the floor.

**Ms. Manon Fortin (Interim Chief Operating Officer, Canada Post Corporation):** Thank you to the chair and to committee members for inviting us to join you today to talk about service.

My name is Manon Fortin. I am the chief operating officer at Canada Post. I am joined by my colleague, Serge Pitre, vice-president of business development, who works closely with many of the companies we work with and support.

Together we hope to answer your questions regarding service from an operational and customer perspective.

First, I would like to share some important context that will be helpful for our discussion.

[Translation]

At Canada Post, we understand the important role we play in the lives of Canadians. We proudly serve all corners of the country, the urban centres, the rural towns, remote communities, and the far north.

We're the only delivery organization with the network, and the commitment, to serve all Canadians. We serve business of all sizes, helping to deliver their items or reach new customers.

We support small businesses, knowing they rely on us. When we deliver, we are not just representing Canada Post, we are an extension of their customer experience. We do so with an unrivalled cross-Canada network of plants, depots, post offices and one of the country's largest fleets. Above all, it's powered by our incredible people. More than 55,000 of them across the country are part of the communities they serve, and do an incredible job.

• (1305)

[English]

The needs of Canadians have continued to change over the years, and Canada Post has always adapted.

By serving all Canadians, working with countless businesses and delivering a significant portion of the country's parcels every single day, Canada Post has a front-row seat to the changing customer landscape. In the last two years, we've seen a rapid and unprecedented change in the needs of Canadians.

Ask yourself whether you or members of your family have been doing more online shopping during the pandemic?

If the answer is yes, then you are among the vast majority of Canadians. This is not a short-term phenomenon; it is a dramatic and lasting shift in consumer behaviours. The demand for delivery, fuelled by parcels and online shopping, has jumped forward by several years.

It's not just impacting Canada Post and those in the delivery business. It's forcing small and medium-sized businesses to rapidly adapt their business models.

[Translation]

Demand for rural parcel delivery is outpacing demand in urban. In the last two years we've seen rural parcel volumes grow by 48%, compared to 13% in urban.

The fact is, throughout the pandemic, Canadians have turned to Canada Post to provide an essential service they could trust with their growing need for delivery.

We understand the important role we play in connecting all Canadians. While we were doing everything to maintain service and keep our people safe the last two years, we were also investing significantly and building for the future.

Our goal is to provide a service all Canadians, including businesses, can count on.

[English]

Just as we have been there for Canadians through the pandemic, we know a much bigger role lies ahead: helping the country to build back stronger as it finally puts the pandemic in the rear-view mirror. We are therefore moving quickly and investing significantly. We are investing \$4 billion over five years to build much-needed capacity, improve service, modernize our network and improve our environmental performance.

Let me provide a few examples.

It starts with building capacity in our network. It wasn't long ago that delivering a million parcels in a single day was a major milestone that happened only close to Christmas. It's now a typical day. We've more than doubled one million many times.

To deliver without delay, we needed to expand our capacity to process and sort throughout our network. That's what we're doing. Many of the country's parcels enter our network in the greater Toronto area, home to our largest parcel processing plant, Gateway in Mississauga.

We are therefore building our first new plant in years to augment capacity in the Toronto area, to ease the load on Gateway and improve service across the country. Construction is well under way, with plans to open early next year. This new plant will sort more than one million packages a day at full capacity. That is 50% more than what we have today in Toronto. Covering an area roughly equal to six football fields, it will also be a net-zero carbon building.

The new plant is part of our overall plan to boost capacity and improve service across our national network.

[Translation]

Montreal is also another key national hub for parcels, and we expect continued growth at our Leo Blanchelette plant. A new packet sorter and other upgrades to double capacity and improve tracking for customers went live late last year.

Across the country, we've invested in our Moncton plant to make it an Atlantic Parcel Hub. We've invested in a new package sorter in Kitchener to respond to the rapidly growing population in South-western Ontario. We've also expanded delivery facilities in Calgary and built a new one in Regina near the airport.

We're also investing in our rural delivery network where growth has outpaced our facilities. For example, we invested close to \$1 million to double the post office size in Saint-Lin-Laurentides to reduce congestion in that facility and neighbouring facilities in Sainte-Sophie and Sainte-Anne-des-Plaines.

We've also kicked off new projects at facilities in different regions across Canada to expand capacity and improve service to Canadians.

I hope to be able to share more details about our comprehensive plan to serve the changing needs of Canadians when we get to your questions.

For now, let me reassure you that we get it. While we gear up to respond to this rapid increase in demand for parcel delivery in all parts of the country, we know our service means so much more than that.

• (1310)

[English]

Canadians expect us to reach across this vast country every day to serve every Canadian and treat every delivery and every customer with care and respect. We understand the responsibility that comes with that, and our plans reflect our commitment.

We're enhancing our retail post office services and offering new services. We're piloting a new community hub model in two rural communities to offer a wide range of services that are important to the people who live there. We plan to learn from these hubs to further improve our post office network.

We've implemented a strategy to improve mail service to underserved indigenous, northern and rural communities. We are working closely with several communities to improve service. We will continue this work, understanding our vital role in connecting these communities with the country.

We're helping small business navigate the changing demands of customers by sharing best practices, customer insights and discount programs. Above all, we're providing a service they can count on and the capacity to ensure they don't get squeezed out by large retailers.

[Translation]

We're working hard to keep our people safe and improve relations with our bargaining agents. Our safety record continues to improve. We also reached new agreements with all our bargaining agents before they expired—giving our employees and customers much-needed certainty.

Throughout it all, we have continued to respond to the ongoing challenges of the pandemic. We've followed the guidance of the Public Health Agency of Canada and worked closely with our union colleagues to keep our people safe. We're also making the environment a priority like never before in our long and storied history, while showing leadership on key social issues.

There is only one organization built to serve all 16.5 million addresses across this vast country and connect Canadians like no other.

[English]

There is only one organization that would drive the roughly 473,000 kilometres a day it takes to reach every rural address. It's Canada Post.

We are proud to serve all Canadians and respond to their changing needs. We take our responsibility to this country very seriously. We are not sitting still. We are moving forward with a plan to build capacity, improve service and support small businesses.

At the same time, we're investing in our incredible people and in protecting the environment of this country we so proudly serve.

[Translation]

Thank you.

[English]

We look forward to your discussion.

[Translation]

**The Chair:** Thank you very much, Madam Fortin.

[English]

We will now go to our first round of questions. It's six minutes per questioner. The first will be Mr. Paul-Hus.

Mr. Paul-Hus, you have the floor.

[Translation]

**Mr. Pierre Paul-Hus (Charlesbourg—Haute-Saint-Charles, CPC):** Thank you, Mr. Chair.

Good afternoon, Ms. Fortin and Mr. Pitre.

First of all, Ms. Fortin, your testimony gives us a clear indication of the efforts you want to make. However, the problem has remained intact and that's why we're here today. We're wondering about the losses that Canada Post reports quarter after quarter, especially in the third quarter of 2021.

I'm going to ask you a question that stems from a request Prime Minister Trudeau made to the Minister of Public Services and Procurement, Ms. Tassi. In the latter's mandate letter, he asks her in particular to "[e]nsure that Canada Post provides the high-quality service that Canadians expect at a reasonable price and better reaches Canadians in rural and remote areas."

Is it currently possible to maintain a reasonable price and provide high quality service to Canadians given the results observed from quarter to quarter?

**Ms. Manon Fortin:** Thank you for your question.

Right off the top, I'd say yes. However, certain pieces will have to be put in place.

The needs of Canadians and Canadian businesses have changed during the pandemic. We know we're the only delivery business that can reach 16.5 million addresses. We also know that we're an essential partner and a proud partner of small and medium-sized businesses. We also know we're the preferred delivery business of most Canadians.

Canadians increased their online shopping by 48% during the pandemic. People who shop online place an average of 27 orders a year, 65% more than in 2019.

As I said in my remarks, that activity has resulted in exponential growth of 48% in the rural sector and 13% in urban.

• (1315)

**Mr. Pierre Paul-Hus:** I apologize for interrupting, but my speaking time is short.

**Ms. Manon Fortin:** That's fine.

**Mr. Pierre Paul-Hus:** Thank you for your answer.

If I'm not mistaken, in the Canada Post group, the Purolator, parcels and online shopping segment is profitable for the company, whereas conventional business, letters and mail, for example, is operating more at a loss.

Is that correct?.

**Ms. Manon Fortin:** There are two separate businesses.

The results show that we posted losses of \$264 million in the third quarter and \$492 million for the full year.

Looking at revenue for the same period, we had a \$500 million gain over last year. What had an impact on our profitability was the fact that rising costs exceeded revenue growth.

We're focusing on improving our service, ensuring our profitability and sticking to our mandate. We're hugely focused on investing so we can provide the best possible service to all Canadians.

**Mr. Pierre Paul-Hus:** I apologize once again for interrupting you, but I have to pick up the pace.

Earlier you discussed the relative increase in rural parcel delivery. I think that can be explained by the fact that there is no delivery competition in rural areas. The private sector competes with Canada Post in cities like Montreal, Quebec City and Toronto. It's often the private companies that deliver online shopping parcels there. That's especially true in Quebec City.

Why isn't Canada Post the main service provider?

**Ms. Manon Fortin:** We have very large market share in urban and rural areas. Last year, we delivered more than 340 million parcels.

What gives us an edge and makes us very proud is that we have an unparalleled parcel processing and delivery network. We're established in every community.

As I said, the number of parcels for delivery has increased. If we want to stay competitive and provide quality service, we have to invest not only in major centres, but also in small communities across Canada.

**Mr. Pierre Paul-Hus:** I'd like to ask you a final question, Ms. Fortin.

As we all know, the government has commissioned a survey. What do you think of the idea of cutting services? We want an excellent service, but it's possible it could be reduced to three days a week.

Please briefly explain to me what you think about that.

**Ms. Manon Fortin:** I'd like to note that we aren't the ones who conducted the survey.

We're focusing our efforts on our long-term mandate, which is to provide the best possible service to all Canadians and all Canadian businesses. So we try to meet needs, even though they're changing.

As I've said, we're focused on investing to meet capacity needs. We want to improve service in all communities.

**Mr. Pierre Paul-Hus:** Thank you.

[English]

**The Chair:** Thank you, Mr. Paul-Hus.

We'll now go to Mr. Bains, for six minutes.

**Mr. Parm Bains (Steveston—Richmond East, Lib.):** Thank you, Mr. Chair, and thank you to our guests, our witnesses who are here today.

I'm coming to you from British Columbia, on the west coast, in Richmond. There has been significant investment there by YVR, with a large sorting and trucking station there.

There's another one in the neighbourhood in which I live, just moments away from my house. The Canadian Tire store has a Canada Post counter inside.

My question to you is more around some of the investments that are being made to support innovation and growth. Is this a model that's being used across Canada, having Canada Post counters and branches inside other retail outlets or big box stores? Can you tell me a little more about that?

• (1320)

**Ms. Manon Fortin:** We have a network of 6,000 post offices. Some of them are provided through host businesses, as you've just described, and some of them are provided through corporate locations, mostly in rural Canada. We have several locations in urban Canada, but mostly our corporate offices are outside of urban Canada. Our objective is to provide the best service possible to all Canadians and to small and medium-sized businesses. That model of having a wide network where customers and businesses can access our services is absolutely part of our operational network.

**Mr. Parm Bains:** It is an ongoing effort, then.

Will it grow? Can you give me some feedback? Do you have feedback from customers? Is that something that's a profitable side of Canada Post? What kind of feedback are you getting in order to continue to grow that model?

**Ms. Manon Fortin:** I don't have specifics on the financials or the strategy behind that model, but I can certainly follow up with the committee on that.

I would say that, as part of wanting to provide service to all Canadians, certainly our post office network is a key element. It's an access point that other delivery companies don't have, but we have it. We're proud of it, and it is a very important piece of our network.

**Mr. Parm Bains:** I'm going to switch it up a little here. I want to talk about efficiencies as well, sort of along the lines of how you can appeal to customers more.

I had the opportunity to see a little presentation some time ago, and I understand that three out of every five parcels being delivered is a Canada Post parcel. Are there efficiencies around increasing that? What's the competitiveness with others that are in the market? Moving forward, how can you continue to remain relevant?

**Ms. Manon Fortin:** Maybe I'll go back a little to what I said previously, but really, as Canadians' needs are changing, the best way for us to stay relevant and to continue to be financially self-sustainable is to keep step with those needs. As I said, we're the only delivery company that goes to those 16 million addresses and to all of those businesses and farms across the country. We are the preferred delivery company of most Canadians, and we are investing. Right now, our focus is to invest heavily to continue to provide the service all Canadians can count on.

I'll give you a few examples of how we are doing that. In Montreal, we invested \$85 million to add a third sorter in that facility in order to be able to process that additional volume and give them the capacity to improve service and processing there. In Moncton, we expanded the plant and put in a sorter there as well, to better serve all of the Atlantic region. In Kitchener, we just recently installed a sorter, again, to improve service in southwest Ontario. We are building a second plant in Toronto to provide a million pieces of capacity per day. Again, I'll remind everybody that it will be a net-zero building, which is a true expression of our environmental ambition.

It doesn't stop in urban Canada; it goes all the way through the network. We have \$336 million set aside for places outside of urban Canada, such as North Battleford, Val-d'Or, Charlottetown, Kamloops, Prince George, Vegreville, Torbay, Neguac and White City, from the small community and delivery needs to the biggest community.

• (1325)

**The Chair:** Thank you, Mr. Bains.

We'll now go to Ms. Vignola, for six minutes.

[*Translation*]

**Mrs. Julie Vignola (Beauport—Limoilou, BQ):** Good afternoon, Ms. Fortin.

Thank you for being with us today. I have a lot of questions for you.

According to the committee's 2016 report, access to some post offices is a problem for seniors and persons with disabilities.

Canada Post recently published a promotional flyer advertising measures concerning seniors and persons with disabilities. That's nice, but the target dates are quite far in the future: 2030 or 2040. I don't have the exact date, but it's nevertheless far away, particularly since accessibility legislation has been in force in Quebec for a long time.

My colleague from Rimouski-Neigette—Témiscouata—Les Basques has been fighting for more than 18 months to make the Cabano post office, to cite a specific example, accessible for seniors. For 18 months he's been told that no electrician can be found to install a push-button switch to open the door, which would facilitate access for seniors and persons with disabilities. They've been waiting 18 for a push-button switch to be installed.

Apart from that promotional flyer, what specific measures does Canada Post intend to take soon to improve people's access to their post office?

**Ms. Manon Fortin:** First of all, it saddens me to hear what's happening in Cabano. However, I can tell you that we're focusing on the need to improve our network and to invest in it to expand its capacity, correct deficiencies and improve accessibility, as you said.

We have an accessibility strategy, supported by investments, to eliminate barriers such as those you just described at the Cabano post office. Every time we make renovations or build a new depot or postal station we make sure the new standards are met.

In the case of Cabano, I'm going to ask my team to follow up with you. That's really unacceptable. We will rectify the situation.

**Mrs. Julie Vignola:** Thank you.

What methods do you use to assess old buildings to ensure they're accessible?

**Ms. Manon Fortin:** We have a team that conducts annual evaluations to assess accessibility and mechanical, structural and other aspects. It then provides us with a list of deficiencies.

Every year, we set aside \$45 million to correct deficiencies, including those related to accessibility.

I'm truly sorry about Cabano. We'll be conducting follow-up there. You can count on me.

**Mrs. Julie Vignola:** Thank you very much.

**Ms. Manon Fortin:** You're welcome.

**Mrs. Julie Vignola:** In the report the committee released in 2016, members discussed the idea of actively engaging municipalities in decisions that have an impact on territorial management. They also suggested introducing a universal and fair fee schedule based on the size and weight of parcels.

Do you currently include municipalities in the decision-making process? I'm not just talking about consultations, but really including them in decision-making that affects their area. You can simply answer with a yes or a no.

• (1330)

**Ms. Manon Fortin:** Generally speaking, yes, we increasingly consult the communities on the installation of community mailboxes and problems associated with services in the community, access to buildings, new services and new requests.

Membertou and High Prairie are very specific examples where we've created community centres specifically for the communities and are consulting the communities in order to do so.

I'm going to consult my colleague Mr. Pitre on the issue of prices.

**Mrs. Julie Vignola:** I have a specific question concerning prices.

**Ms. Manon Fortin:** All right.

**Mrs. Julie Vignola:** From what I can see, the fee schedule isn't always universal or fair. What's worse, an additional fuel charge is made for parcels delivered in certain regions. When I asked why the additional charge was being applied, the employee told me it was in order to deliver the parcel.

Really, the purpose of Canada Post is to deliver parcels. I bet employees don't travel by horse or dogsled when they make local deliveries in the same town. They always use fuel.

Isn't the additional fuel charge a covert way to avoid creating a universal and fair fee schedule for remote regions?

**Ms. Manon Fortin:** Allow me to ask my colleague Mr. Pitre to answer your question.

Mr. Pitre, would you please answer?

**Mr. Serge Pitre (Vice-President, Business Development, Canada Post Corporation):** Yes. Thank you for giving me the opportunity to answer this question.

The fuel surcharge does not apply specifically for delivery to any particular regions. Because the price of fuel fluctuates a great deal from month to month and from one quarter to the next, a price index is established to harmonize fuel price fluctuations.

Everyone uses this tool in the market. Deliveries represent a significant cost across Canada. As I mentioned, this tool is used in the entire industry, and not only Canada Post, to manage these fluctuations.

[*English*]

**The Chair:** Thank you very much, Ms. Fortin. We appreciate that. If you have anything further you can add to that, it will be appreciated.

Ms. Vignola, I let you have a bit extra there. You snuck one by me on this one.

We'll go now to Mr. Johns.

I'm going to be more ruthless with you, Mr. Johns. You have six minutes.

**Mr. Gord Johns (Courtenay—Alberni, NDP):** Thanks. I appreciate it.

I really can't thank you enough, Madam Fortin and Mr. Pitre, for being here to testify today.

Just a few days ago we learned that the PCO had done internal polling that was extremely concerning to postal workers, to Canadians who rely on mail delivery and of course to the NDP. Some of the questions related to ending home delivery, replacing workers with machines and closing rural post offices. These are deeply concerning.

It is my understanding that neither Canada Post nor the postal workers unions were involved in this polling.

I'm wondering what your reaction is when you see the government asking questions like these, and how it could impact your operations.

**Ms. Manon Fortin:** You are quite correct. We did not participate in the polling, and we were not aware of the polling.

We continue to be focused on our long-standing mandate of providing high quality service to all Canadians while remaining financially self-sustainable.

We are responding to the changing needs of Canadians for that very reason. This is why we are investing heavily in our network, across the network, from the smallest office to the largest one in Toronto, to enable us to adapt to those needs and to have the capacity to deliver the best service possible.

**Mr. Gord Johns:** I totally appreciate that.

Can you agree that the survey questions were incorrect?

**Ms. Manon Fortin:** I'm the operator in the room. My job and my focus are on day-to-day operations and to provide the best service possible.

**Mr. Gord Johns:** How about this? They were misleading. They told Canadians that it was going to cost taxpayers money, and that is not true.

Canada Post is stand-alone. Can you confirm that? It's a stand-alone corporation. It's not reliant on revenue from the federal coffers.

**Ms. Manon Fortin:** Canada Post is stand-alone. We are required to be financially self-sustainable, yes.

• (1335)

**Mr. Gord Johns:** Right. Could you provide an update to committee members about initiatives or studies that Canada Post is currently undertaking related to the automation of Canada Post services, either in postal facilities or in client-facing roles?

**Ms. Manon Fortin:** I am not aware. As I've said, I'm responsible for operations and the day-to-day delivery of service.

What I can tell you is that we have significant investment plans, which include building new buildings, expanding existing buildings and putting in automation to give us the capacity to sort and deliver the additional parcel volumes that are coming through our entire network. That is what we have plans for.

**Mr. Gord Johns:** Amazon is a big competitor for you. Can you talk about how unfair it is that they don't pay taxes in Canada like other corporations?

**Ms. Manon Fortin:** As I said, I'm the operator in the room, so if you have questions on service, operations and safety—

**Mr. Gord Johns:** Okay, no problem. Let's talk about that.



Safety is a really important one. You touched on that earlier. Federal accessibility legislation is now in place, and employment for persons with disabilities has been identified as a key priority, recognizing the explicit interface between disability, poverty and employment. What, then, are Canada Post's key strategies in accommodating employees who acquire a mental or physical health impairment and are unable to carry on with their current duties, or people who are suffering from long COVID symptoms and are unable to carry out their duties?

I'm sure that many people have been impacted by COVID as well as mental health injuries.

**Ms. Manon Fortin:** We are committed at Canada Post to playing a leading role on key issues facing the country and being a positive force for change. We want to do better on those things. Part of that is our social mandate. We are investing \$5 million to advance equity, diversity and inclusion. We have a 40-step action plan.

**Mr. Gord Johns:** I appreciate that. I'm really worried about workers who have been injured in the workplace and ensuring that we're accommodating those workers, especially given COVID and the spike in workplace injuries.

Madam Fortin, can you provide this committee with an update on the community hub pilot projects that are taking place in Membertou and High Prairie? Specifically, I'd like to hear what feedback you've received from the community and whether these hub projects are working well. If Canada Post has identified any other communities this program could be expanded into, what criteria would Canada Post be looking at for expanding the project beyond these two communities?

**Ms. Manon Fortin:** We have two community hubs, one in High Prairie, Alberta, which started up in November, and another that is being developed right now in Membertou, Nova Scotia. It will start some time this year. We are planning two additional hubs in locations to be determined.

These are new models that we are piloting to improve community access in rural Canada and to help local small and medium-sized businesses connect with their customers. You talk about criteria, but really they're not cookie cutters because we are taking extra care to consult with the community and to ask them what their needs are. We also work with the unions in the program to determine how we can best serve our local customers.

Examples of services that have been brought forward and that will be implemented are MyMoney Loans—which, as you may know, is a new financial service we're testing—ATMs, 24-hour parcel pickup or drop-off, small and medium-sized business services, meeting spaces that businesses in the community can rent and use—

**The Chair:** Thank you, Ms. Fortin. If you have more that you feel you can add to that answer and would submit that to the clerk in writing, it would be appreciated.

We'll now go to the second round, starting with Mr. McCauley for five minutes, please.

• (1340)

**Mr. Kelly McCauley (Edmonton West, CPC):** Thanks, Mr. Chair. Witnesses, thanks for joining us.

Before I start, I want to give a shout-out to one of your Alberta managers, Donald Cooper. He's phenomenal. He's helped our constituents greatly, so thanks very much to him.

I want to get into some of the finances. How much did Canada Post lose last year?

**Ms. Manon Fortin:** Thank you for the shout-out to Donald Cooper, a very good employee.

Our published results will say that, as of the third quarter, we had a loss of \$492 million.

**Mr. Kelly McCauley:** What's the projection for the rest of the year?

**Ms. Manon Fortin:** I don't have those specifics with me.

**Mr. Kelly McCauley:** It's probably similar, so maybe \$650 million or \$700 million lost. Last year it was about three-quarters of a billion.

I was part of the original Canada Post study, travelling six years ago. Ernst & Young, of course, forecasted that Canada Post would not be losing that level of money until 2026. You've achieved the goal early. I guess, not congratulations but....

The Canada Post Corporation Act, 5(2)(b) states that you have to be sustainable. This does not look like it's financially sustainable, and it also contradicts the 2018 mandate to assure quality service at a reasonable price. Now it's not necessarily compatible with economic sustainability so that taxpayers are not left on the hook for these massive losses.

Do you see clawing out of these massive losses, which are going to be a billion and a half dollars in two years and getting worse?

**Ms. Manon Fortin:** The answer is that we do have a path to sustainability. We have a dual mandate, as you know, to serve every Canadian address while maintaining financial self-sustainability. Two years of a pandemic and the changing needs of Canadians—

**Mr. Kelly McCauley:** I'm sorry, but if I can interrupt here, the task force and Ernst & Young clearly articulated four or five years ago that we were on the wrong path financially for financial sustainability. Things have gotten worse than even they predicted.

We seem to be going down the wrong path on the corporate act part in saying "fiscal sustainability". How are we going to get to fiscal sustainability when we're hemorrhaging three-quarters of a billion dollars a year? I don't put that necessarily on you as opposed to the direction from the government, but taxpayers are going to be on the hook for this eventually.

**Ms. Manon Fortin:** We think that investing heavily in our service and our capacity, and by putting Canadians first and by responding to the changing needs of Canadians, it's helping us to move forward to be financially sustainable. That is why we are investing to provide that service to all Canadians with the \$4 billion over the next few years, which will increase our capacity by 50% nationally—

**Mr. Kelly McCauley:** For the low-profit parcel delivery, though, that's what we're increasing...?

**Ms. Manon Fortin:** The capacity that we're increasing is definitely to increase our parcel capacity, yes.

**Mr. Kelly McCauley:** Right, and how much do we make per dollar on that compared to the declining delivery mail? It's pennies on the dollar versus, what, a per-dollar profit of 68¢ or 67¢ for direct mail, addressed mail?

**Ms. Manon Fortin:** I don't have the specifics of that. We could certainly forward them to the committee. What I can tell—

**Mr. Kelly McCauley:** I understand the tough situation you're in, but profits are going the wrong way, and we're investing massively into the low-profit area of Canada Post. I don't see how that's going to dig us out of a deficit of three-quarters of a billion dollars, which, again, taxpayers are going to be on the hook for. I'm greatly concerned about taxpayers having to foot this for what is perhaps a political direction on improved service, as opposed to obeying the Canada Post act, which states fiscal sustainability...

**Ms. Manon Fortin:** Yes, like I said, our path to financial self-sustainability, we believe, comes from putting Canadians first and responding to the needs that have evolved through this pandemic. Our investments will enable us to address those needs in the next few years.

• (1345)

**The Chair:** Thank you.

Now we'll go to Mr. Jowhari for five minutes.

**Mr. Majid Jowhari (Richmond Hill, Lib.):** Thank you, Mr. Chair.

Thank you, Madame Fortin. We appreciate your testimony.

Among the many priorities you highlighted, the expansion of capacity and support for small businesses is the one that stood out for me. Specifically, you talked about \$4 billion over four years or so, focused on an initiative to expand capacity and with a focus on improving operations.

I have a couple of questions. My understanding is that we are expanding capacity in Ontario east. One of three construction phases is complete. Can you give us a quick update on that?

Also, help me understand this. When you talk about improving operation, aside from processing time, how does that improvement help in an improved service level, whether it's the cost, whether it's the operational cost or whether it's the service delivery?

If you leave some time for me to ask a question about support for small businesses, I'd really appreciate it.

Why don't we start with the first question?

**Ms. Manon Fortin:** I believe the first question was around the Ontario east plant, our second facility in Toronto.

Toronto is our biggest induction point for parcels in Canada. It is where most parcels start and go to wherever their destination is. With online shopping increasing so much during the pandemic, in order to improve our service and to manage that service in Toronto, we have made the decision to invest in a second facility.

That facility is a \$470-million investment in Scarborough. One million packages a day is what we will be able to process there. That's 50% more than the current capacity. It will have state-of-the-art automation equipment, which facilitates and accelerates the processing of those items in facilities and helps get them to their destinations—

**Mr. Majid Jowhari:** This is the area that I want to focus on.

I understand capacity building. I understand that our processing capability goes up. I understand that we can process a larger volume. At the end of the day, though, it is helping us to be able to improve our service delivery from what point to what point? For example, from processing to getting it to the end customer, previously it would have taken one and a half days, and now it's going to take x days. Could you quickly expand on that?

**Ms. Manon Fortin:** Sure. There are two elements to that answer. First, if you don't have the capacity to process all of the volumes you get, which is sort of what happened at the beginning of the pandemic when we had the parcel surge, you end up not being able to move the product quickly enough, so there are service impacts all along the way. We don't want to repeat that experience.

The equipment that we provide in those facilities provides us a much deeper sort. Our network has changed. The network has evolved. Where people live has evolved. Think of Ontario and what's happened to some of those communities north of Toronto and how the communities have changed there. The parcel volumes there have changed as well.

The automation provides a deeper sort to avoid hand-off and multiple hand-offs between each of our operations—

**Mr. Majid Jowhari:** You mean improving the service delivery by how much—10%, 20%, 5%?

**Ms. Manon Fortin:** We've yet to land on the service improvement, but we think it will be significant.

**Mr. Majid Jowhari:** Okay. Thank you.

You touched on support for small businesses, especially during these times when we are doing a lot of business-to-customer online transactions. How's that impacted? How are you helping small businesses?

**Ms. Manon Fortin:** Perhaps I'll have my colleague Mr. Pitre answer that question.

**Mr. Serge Pitre:** Basically, for small businesses, the first thing I would mention is that all the investments we're making in the network would benefit all markets. Whether you're a small customer or a major account, you go through the same process and the same efficiencies when we invest in the network.

Specifically for small businesses, we've been investing a lot in helping them grow their business. We have a lot of webinars with them on how to manage e-commerce, how to build sites, how to manage packaging and how to reduce costs. Again, most of these small businesses don't have the expertise or the resources to do that. Canada Post is there for them.

Last year we helped them be able to ship, because most of them were not open to serve customers directly, so we helped them online. We also had mail marketing. We helped them reach out to potential customers. This is what we do at Canada Post. Even in the last three years—and hopefully some of you received one at home—we introduced what we call a holiday catalogue around the holiday season. It was a mix of major accounts, small customers and very small customers who were able to advertise across the country. We mailed over 800,000—

• (1350)

**The Chair:** Thank you. I apologize for interrupting.

We'll now go to Ms. Vignola for two and a half minutes.

[Translation]

**Mrs. Julie Vignola:** Thank you very much, Mr. Chair.

Ms. Fortin, Over the past few months, cities and towns have adopted resolutions asking Canada Post to maintain service quality, and many of them were in favour of innovative measures. I am thinking, among other things, of the introduction of an alert program for seniors, for the community hubs you mentioned earlier, and for transitioning to electric vehicles.

I'm going to ask you three rapidfire questions.

Do you intend to run pilot projects on an alert service for seniors?

You implemented two community hub pilot projects. What were the results? Are there other pilot projects like this, and where will they be introduced?

In June 2020, a tender call was issued for an electric vehicle pilot project, but the date has repeatedly been pushed back, and is now set for December 31, 2022. Why was it delayed? Can you guarantee that it will not be delayed again?

**Ms. Manon Fortin:** Thank you for these questions.

I'll begin by answering the question about community hubs. We don't have the results for you yet because the first hub was opened in November in High Prairie, Alberta. The second, in Membertou, Nova Scotia, will be opening soon in 2020 and will have electric charging stations because there will be some electric vehicles.

As for electric vehicles, I'd like to reiterate that we naturally intend to play a major role in matters like these, which are important

for Canadians. The environment is one such matter, and we plan to do much better in this area. Together with our unions, we prepared an environmental action plan in 2021, which will set greenhouse gas emissions targets.

**Mrs. Julie Vignola:** I'm sorry to interrupt you, but I'd like to focus on the call for tenders.

Why is the date being continually pushed back?

Can you assure us that on December 31, there will be no further delays?

**Ms. Manon Fortin:** I don't have precise details for you about the tender call. However, I have some good news, which is that we will be receiving our first electric vehicles this year, some of which will go to Montreal and the others to Vancouver.

[English]

**The Chair:** Thank you very much.

We'll now go to Mr. Johns for two and a half minutes.

**Mr. Gord Johns:** Thank you, Mr. Chair.

The PCO poll that we're deeply concerned about reinforced something that we already know about. Rural post offices need to remain open. For many rural residents in Canada, the post office is where they conduct business. I know from my own experience living in Tofino, B.C., that the post office is the anchor for local commerce. I ran the chamber of commerce there. It's part of local rural communities.

We believe that rural post offices could play a much bigger role in communities, which is why we want to expand services, including postal banking. The big banks are abandoning rural communities right now, leaving many without access to banking services despite record profits. By offering banking services through its network of over 6,000 postal outlets, many in rural areas, Canada Post could overnight become the most accessible bank in the country.

I'd like to ask you about the market testing that Canada Post has undertaken related to postal banking. Rural, northern and small communities are in serious need of banking services, as I've outlined. Many of those banks are closing right now. My colleagues in the NDP have raised this many times.

Can you provide the committee with an update as to how many market test sites are currently operating, how Canada Post is informing its clients about banking services that are being implemented, and how you are measuring the success of the market testing? Finally, are plans in place for a national rollout of banking services at Canada Post locations?

• (1355)

**Ms. Manon Fortin:** That was multiple questions, so first of all—

**The Chair:** You have one minute.

**Ms. Manon Fortin:** Oh, gosh. Okay. I am going to try to be very focused then.

The community hubs are, to us, an expression of our commitment to expanding services in communities. As I've said, one is done and one is close to being done; two are planned, with locations to be determined.

In terms of financial services, we've expanded our financial services with the new personal loan product called "MyMoney Loan". It's a strategic partnership with TD. In the early stages, customer response has been positive and TD response has been positive. We're quite happy with the test and we are going to be enhancing the financial services we provide, but we do not plan on launching a full postal bank.

**The Chair:** Thank you, Ms. Fortin. That was excellent. Well done. You brought it right in on the minute. Thank you very much.

We'll now go to Mr. Lobb for five minutes.

**Mr. Ben Lobb (Huron—Bruce, CPC):** Thanks very much, Mr. Chair.

My first question is on volume. According to your 2019 financial statement, you delivered 7.8 billion packages. I'm just wondering what kind of up time your facilities have consolidated. What was the up time for your facilities?

**Ms. Manon Fortin:** Can you define "up time"?

**Mr. Ben Lobb:** I used to work in manufacturing. It was pretty simple. It was the amount of time the plant was open that it actually spent running.

**Ms. Manon Fortin:** Okay. I was thinking, is it maintenance of the equipment or is it the plant?

I would say, particularly at the beginning of the pandemic—

**Mr. Ben Lobb:** I'm talking about 2019.

**Ms. Manon Fortin:** In 2019, in normal operations we would typically be operating 24-7, with the exception of one shift we typically don't operate, which is the Saturday to Sunday night shift, to give our people a break.

**Mr. Ben Lobb:** Now, in 2006, you delivered 11.6 billion packages, so there were almost four billion fewer in 2019 than in 2006, according to your financial statements or financial reports. I'm just curious. If we're running 24-7 in 2019, where's the shift there, where in the sorting and processing and everything else...? Is there slack in the system? How is it that we are processing fewer packages, but we're still going full speed?

**Ms. Manon Fortin:** We're processing many more packages than we did in 2019. As I said, the growth for rural-destined packages has been 48%, and in urban Canada it's been 13%. There has been a net increase in package volumes—a significant net increase in package volumes—and what we are investing in is for the future, as we know that e-commerce will grow and the demand will grow, and we need to be able to continue to provide excellent service to Canadians. Over 2019, volumes are growing. Last year, we delivered 323 million packages.

**Mr. Ben Lobb:** Okay, but still, total consolidated, it's less than what you were delivering in 2006 with everything.

Fair enough, though. I get your point. There's a different product mix.

**Ms. Manon Fortin:** Yes.

**Mr. Ben Lobb:** Do you want to comment at all on the pension? Is the pension fully funded or is there a liability with the pension?

• (1400)

**Ms. Manon Fortin:** I don't have the specifics on that, but I would be happy to provide them to the committee if you desire.

**Mr. Ben Lobb:** Okay. The other thing is that in your financial statements, the equity of Canada.... That's the Government of Canada, when they contribute money; I make that assumption. In the last couple of years, on the equity of Canada, has that gone into operations or has that gone into capital projects?

**Ms. Manon Fortin:** I'm not a financial expert, but what I can say, let me tell you, is that we've invested heavily into our operations in order to modernize them, to improve capacity and to address some of the challenges some of the members have expressed in our network.

**Mr. Ben Lobb:** Okay. The last question, because I'll probably run out of time here, is in regard to the margins. The operating margins are pretty small. Compared to FedEx, which is maybe not a fair comparison, they're substantially lower.

We talked about some of the areas of growth. What margins are growing? You mentioned parcel delivery. What are the operating margins on parcel delivery?

**Ms. Manon Fortin:** I think I might turn that over to my colleague, Mr. Pitre.

**Mr. Serge Pitre:** Again, you're talking about margins and where we can grow the business. Basically, as Manon was saying, what we're trying to do with the investment is to be able to be more efficient, reduce our costs and provide a better service to Canadians. There, we will be more competitive and acquire that volume in the marketplace.

**Mr. Ben Lobb:** Okay. You're going to make an investment. I understand that. You're going to improve efficiencies. Do you have a projection on where your operating margins might lie after you've done that investment?

**Mr. Serge Pitre:** Well, once rural—

**Mr. Ben Lobb:** Is it 3%, 2%, 5%, 0%...?

**Mr. Serge Pitre:** I don't have that number in front of me now, but we could report it to the committee.

**Mr. Ben Lobb:** Okay. The only thing I would say, and I'm not trying to be difficult here, is that I think it's important for the committee—

**The Chair:** Thank you very much, Mr. Lobb.

I thank the witnesses. If you would submit to the clerk the written answers to those questions you were provided, that would be greatly appreciated. We will disseminate them to the membership.

Thank you.

We'll now go to Mr. Kusmierczyk for five minutes.

**Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.):** Thank you, Mr. Chair.

In Canada, we obviously have a very diverse community. We have many relations and networks abroad. I know that Canada Post provides remittance services to Canadians, and I'm sure also to many of the temporary foreign workers who come here as well. We have about 10,000 temporary foreign workers who come to our region every single year.

I just wanted to ask, who is using the remittance services provided by Canada Post and what advantages does Canada Post have over regular banks that are out there providing those types of services?

**Ms. Manon Fortin:** I'm going to assume you're talking about the MoneyGram type of remittance services?

**Mr. Irek Kusmierczyk:** Yes.

**Ms. Manon Fortin:** The advantage we have is definitely the size of our network, how far-reaching we are and how accessible we are to those who would want to use the services.

I would also say that our brand is one of the most trusted brands in Canada, so a service like MoneyGram would find that appealing and would find comfort in entrusting their business to what is a trusted brand.

**Mr. Irek Kusmierczyk:** I know that in this business, obviously innovation—always going to where the puck is going to be, following customer demands—is so critical. We know that obviously deliveries of parcels have gone up exponentially. Where people live in multi-unit residential dwellings, condos for example, sometimes you see boxes and boxes stacked in the lobby.

I know Canada Post is looking at potentially introducing automated parcel locker pilots across the country. Can you just tell us a bit about that, how they work and how they might improve efficiency?

• (1405)

**Ms. Manon Fortin:** We are constantly looking at ways to innovate and to improve service to all Canadians, whether they're in urban, rural or northern communities. We have tested automated lockers and the tests have been completed.

We have also tested and are implementing non-automated parcel lockers, which work quite well in many condominium and apartment buildings, in our big cities and in our smaller cities, wherever

we can, because of the parcel growth and because of what you described as boxes in the lobby. That's not necessarily the high level of service that we want to provide. We have installed thousands of parcel lockers across the country to deal with that.

We are also looking at where else we can install parcel lockers so that Canadians can have their parcels as close as possible to where they live or work, if they go back to work.

**Mr. Irek Kusmierczyk:** That's perfect. Thank you.

On innovation and making sure you're providing different services and a wide array of services, I have a question about the use of drones in delivery service as well.

According to Canada Post's 2020 annual report, right now there are plans to test drones and robotics to deliver mail and parcels and whatnot.

What are the advantages and disadvantages, as you see them, of drone delivery?

**Ms. Manon Fortin:** As I said, we're always looking for ways to innovate and improve our service. In remote communities or difficult-to-access communities, because of weather or for whatever reasons, we have worked with various companies to see if drones could be a solution.

We tested drones in B.C. with one of the pharmaceutical companies, and we learned a lot from that test about how drones function, what infrastructure you need, the people you need and the expertise you need. We will continue to look for opportunities to use drones to see what application they might have within our delivery network.

**The Chair:** Thank you very much.

Using a chair's discretion, I will say that maybe you can try those drones in southeast Saskatchewan to see how they work there as well. I'd appreciate that.

We now go into our third round.

Mr. Paul-Hus, you have five minutes.

[*Translation*]

**Mr. Pierre Paul-Hus:** Thank you, Mr. Chair.

My question will perhaps not be an easy one to hear. However, the work of the Standing Committee on Government Operations and Estimates consists mainly of asking detailed questions.

I'd like to hear your point of view on the Canada Post services survey we've heard so much about, which was requested by the government without informing the organization about it.

Is this indicative of the government's loss of confidence in your organization?

**Ms. Manon Fortin:** As I told you, we did not take part in the survey, but I knew about it.

We are focusing on our primary mandate. During the pandemic, and in particular during the current wave—the worst wave so far—we really concentrated on our mandate to serve Canadians.

**Mr. Pierre Paul-Hus:** I hear you, Ms. Fortin, but how would you explain the fact that the government commissioned a survey without mentioning it to you?

It decided to do a survey and ask Canadians questions about what they expected in terms of services from Canada Post, without even discussing with you what is happening and what might be done.

Why is that?

**Ms. Manon Fortin:** Unfortunately, I can't answer that question on behalf of the federal government. I can only speak for myself and for our corporation. As I told you, I'm in charge of day-to-day operations. That's my job.

**Mr. Pierre Paul-Hus:** Okay.

I'm not sure whether you'll have an answer to my next question.

During the last federal election, 1.2 million special ballots were sent out to Canadians. Of these, 90,274 arrived late. Wasn't there a special request to speed up the delivery process in view of the critical importance of a general election? Were there any instructions of this kind?

If so, what happened?

If not, what happened?

The bottom line is that I would like to know what happened.

• (1410)

**Ms. Manon Fortin:** There was in fact a big order with respect to the work to be done during the 44<sup>th</sup> general election.

We worked very closely with Elections Canada to provide them with support. We took the same approach we always take in Canadian elections. We made sure every day to deliver all mail to Elections Canada, as required.

We took special follow-up measures to assess the situation every day. We were in direct contact with Elections Canada every day to get the job done.

I can't speak on behalf of Elections Canada, but I can assure you that we assigned top priority to the project and that we monitored it very closely at every phase.

**Mr. Pierre Paul-Hus:** So you are confirming that at Canada Post, everything was in place to ensure that the special ballots would be delivered as quickly as possible.

Is that right?

**Ms. Manon Fortin:** Absolutely.

**Mr. Pierre Paul-Hus:** And yet, you can't even explain why 90,274 special ballots were delivered late.

Is that right?

**Ms. Manon Fortin:** We can't explain it.

**Mr. Pierre Paul-Hus:** In 2021, Canada Post notified 44 large business customers of a data breach. Over 950,000 customers were affected. The data at issue had been compromised between July 2016 and March 2019, and 97% of the instances included the recipient's name and address.

I know that the breach was caused by a supplier, but I don't understand why you didn't know anything about it for three years.

Can you tell us something about that?

**Ms. Manon Fortin:** We treat electronic data breaches very seriously. When it happens, we have a procedure to follow to inform the staff members who deal with matters like these.

We have been putting more and more measures in place to protect our systems, and they are reviewed on a regular basis. We frequently work with experts.

**Mr. Pierre Paul-Hus:** I don't have much time left, so I'll move on to my final question.

You spoke at length about Canada Post's investments, but you never really talked about the plan. We never hear about that.

Do you have a plan for returning to a balanced budget or is it rather a profitability plan?

Is the downward spiral still going to continue for a long time?

**Ms. Manon Fortin:** As I mentioned before, our dual mandate is to serve Canadians to the best of our ability while being financially accountable.

An opportunity is being presented to us. The needs of Canadians have changed, and this creates an e-commerce opportunity for us. We are therefore spending an enormous amount in this area in order to be able to meet this demand.

We think that making this a top priority will help us return to financial stability.

**The Chair:** Thank you very much, Ms. Fortin and Mr. Paul-Hus.

[*English*]

I will now go to Ms. Thompson for five minutes.

**Ms. Joanne Thompson (St. John's East, Lib.):** Thank you. I'll begin.

I'm really interested to hear from you on those early days of COVID and the beginning of where you clearly had to switch in very short order in a massive organization that is not able to easily transition to virtual work in most aspects.

I'd really like to hear about that, and then, regarding the online shopping reality, this new reality of how we engage in our lives, how that really became so significant in how we live and how we secure what we need on a daily basis. How were you able as an organization to quickly position into that reality and then lead into where we are today, still with omicron and still with staff who are ill, and just being able to manage staffing levels, for a multitude of reasons? Those are sort of the three aspects of the past two years.

• (1415)

**Ms. Manon Fortin:** Yes, it has been quite the past two years for everyone, has it not?

Let me start by saying that throughout the pandemic we at Canada Post worked closely with public health and received our guidance on what we had to do and how we had to do it in terms of safety. Our priority to this day, because wave five is still out there, is to keep our people safe and to keep the communities we serve safe through our work.

How we've evolved through that.... Well, we had to implement a number of safety measures. We worked closely with our unions to do that. They include things like providing paid leave for quarantine, for elder care and for child care. We provided enormous amounts of protective equipment for employees, including a CPC-issued mask.

We must have revised about a hundred procedures for our employees. You can imagine as an employee the processes changing day by day, and you must turn around and learn those processes and understand them, but it was to keep them safe and to keep our customers safe. We had to put in new cleaning protocols to make sure we were keeping people safe. We did on-site rapid test clinics and vaccination clinics for our employees and for their families. We implemented our mandatory vaccination practice in line with the federal government.

But there was an impact on operations, for sure. I would say that through the first three waves of COVID, while the volumes were surging, we were able to maintain service at a fairly high level, actually, and to manage by putting safety first. We had all kinds of contingencies that we had to implement everywhere across Canada, but the latest wave, omicron, has been a bit of a different situation for us, as it has been with other companies.

Staffing and coverage have often been a challenge, but more at the local level—not widespread but at the local level. Just to give you an example, in the second week of January, we had our highest number of employees off with COVID or on quarantine. We had 3,500 people on quarantine. We had not seen that since the beginning of the pandemic. We worked hard to keep our service going by putting in contingencies. Our employees stepped up, as they always do, and accepted additional supplementary hours. Some of them even travelled to other communities to help serve those communities.

Through that, we were able, for the most part, to keep the service going. At any given time, we have 6,000 post offices, and we have 55,000 employees, 400 depots and 22 plants. About 20 to 36 post offices at any given time would have been closed because they were stand-alone offices with a single employee, but for the most part we found contingencies or we reduced hours. We worked really hard. Our people were very creative and, of course, they're always so caring about the service in their communities, and they will do pretty well anything to help us manage through that.

I think the second part of your question was around parcel volumes. As I said, parcel volumes shifted completely to a new level and advanced. Where we thought we would have that parcel volume in 2026, let's say, we actually had that in 2021, so that is why

we accelerated our investment plans: so we can meet that demand and be able to continue to offer terrific service, a good service, to all Canadians and businesses.

**The Chair:** Thank you very much.

We'll go now to Ms. Vignola for two and a half minutes.

[*Translation*]

**Mrs. Julie Vignola:** Thank you very much, Mr. Chair.

Ms. Fortin, it's very probable that some of the answers to the questions I'm going to ask you might have to be sent in writing. I'd also like the answers to my previous questions sent in writing. I'll send you all the questions together.

You mentioned drones earlier and I was about to talk about them. I grew up in Fermont. It's called the city, but I'd say it's more of a village in view of the number of inhabitants. It's on the North Shore, where people have a lot of trouble receiving parcels. In some regions, there are people who have not even been receiving their medicines for chemotherapy, diabetes and epilepsy. It's a very serious matter. Drones might be the answer, but it remains to be seen.

If the drone pilot project is considered viable, what are Canada Post's intentions for implementing this service, and how far would your organization be willing to extend it?

How much would that kind of service cost, not only financially, but also in terms of human resources? Would we lose human resources or post offices as a result?

Given that drones are equipped with cameras, would everything possible be done to protect customers' confidential data?

• (1420)

**Ms. Manon Fortin:** Those are very good questions.

As I was saying earlier, we tested drones on Saltspring Island near Vancouver, to deal with the same kind of situation you just referred to. As it happens, it was in connection with delivering medicines.

We carried out the test with a drugstore and a provincial government department. It was really no more than a test run. We are early in the exploratory phase.

We are trying to determine whether it's possible to do it now or possibly in the future, and what context and partners we would be able to work with.

I admit that this is not our field. Our strength is our network, transportation, processing, and delivery. We don't really have expertise in technology and drones.

**Mrs. Julie Vignola:** Why not go out and get this expertise?

**Ms. Manon Fortin:** That's exactly what we did in the partnership we established in British Columbia. The test is over and we are now studying the results to see what it might be possible in the future to do with drones.

As for resources, I'm not sure what impact it might have. I can say that for the time being it could be an alternative solution for regions that are difficult for us to reach. We are evaluating whether it might be a way of improving service to these communities.

You can see young people playing with drones sometimes, but commercial drones require pilots working in an office. They're the ones who are flying the drones.

For the time being, with existing technology, we do not have any plans to cut resources.

[*English*]

**The Chair:** Thank you. I appreciate that.

On that drones issue, you have to test them in a dirt devil or a plow wind in Saskatchewan before you find out how they're going to work.

We'll now go to Mr. Johns for two and a half minutes.

**Mr. Gord Johns:** Thank you both for your testimony.

I also want to give a shout-out to Benjamin Berman. He represents Canada Post on Vancouver Island. He's helped us navigate some very difficult and challenging times.

Ms. Fortin, I'd like to ask about Canada Post's indigenous and northern reconciliation strategy, specifically the commitment to hire and retain indigenous employees. What lessons has Canada Post learned about community engagement and working with others to make sure that first nations, Inuit and Métis are the beneficiaries of investments in their communities? Do you have any idea how many employees have been hired since the strategy was introduced?

**Ms. Manon Fortin:** Okay. Those are a lot of questions.

I'll go back to the community hubs as an expression of our desire to do better. It's not just to do better in our own terms but to do better in terms of what the community needs. In both of those communities, we have invested a lot of time with them to understand what their needs are, to not have a cookie-cutter approach to what the offer will be and to how we will offer it, and to have something that is relevant to them and to what they need. That's the first expression of that.

In our indigenous strategy, as I've said before, we want to be a positive force for change. That includes how we will evolve our indigenous strategy. The first evidence of that is that we were the first Crown corporation to adopt a reconciliation strategy in 2020. We have set aside \$1 million to improve postal services in indigenous communities. We are always responding to—

• (1425)

**Mr. Gord Johns:** I'm running out of time—

**Ms. Manon Fortin:** Oh, I'm sorry.

**Mr. Gord Johns:** —and I'm looking for numbers on how many employees. Do you have any idea?

You also talked about services for indigenous and rural and remote communities. Postal banking seems ideal. You talked about the success of it. Why aren't you doing it?

**Ms. Manon Fortin:** On the numbers, we do have numbers and ambitions on how we want the representation of indigenous communities to increase in our workplace. I don't have the specifics with me, but I certainly will make sure that our teams provide you with that information.

In terms of procurement, I do have a number. We have changed our procurement practices to ensure that 5% of our purchases come from indigenous businesses. We have made a commitment—it's not related to recruitment, but we're quite proud of it—to have a truth and reconciliation stamp annually in our stamp program. It's starting in 2022.

**The Chair:** Thank you very much.

We'll go to Mr. McCauley for five minutes.

**Mr. Kelly McCauley:** Great.

Thanks again for all the time you're taking with us.

I want to get back to the kind of difficult spot you're in with the 2018 direction and what the Canada Post act calls for. Is there a political direction given to you that's keeping Canada Post from transitioning?

**Ms. Manon Fortin:** My only response would be that we have a financial outlook that has our dual mandate included. That dual mandate is to serve every Canadian address to the best of our ability while being financially self-sustainable.

**Mr. Kelly McCauley:** But what are the mandates—the Canada Post act and then a direction from the federal government? Are there separate mandates from them?

**Ms. Manon Fortin:** Our dual mandate is to provide universal service to all Canadians and Canadian businesses—

**Mr. Kelly McCauley:** But have self-sustainability.

**Ms. Manon Fortin:** That's right.

**Mr. Kelly McCauley:** Is there direction from the federal government that's keeping you from perhaps attaining your second mandate, which is fiscal sustainability?

**Ms. Manon Fortin:** I'm not aware of any, and I don't have specifics around that.

**Mr. Kelly McCauley:** Okay.

I want to chat about some of the rural service. We're hearing in Alberta of difficulties getting service, whether it's in the larger rural towns of 10,000 or 20,000 or the smaller ones. There are problems where people have to drive three or four hours.



Can you give us some feedback on what's causing that? Is it inability or difficulty in hiring staff? Is it problems from COVID, from people calling in sick? I know that the workforces are not large to begin with at a rural post office. Can you fill us in on some of these issues? How much is a serious systemic issue and how much is just because of the circumstances happening right now?

**Ms. Manon Fortin:** As I said, last year we went through three waves of COVID and managed through our contingencies and of course our employees stepping up every step of the way to maintain service and even to improve service. This latest wave of COVID has been more challenging, as it has been for every company in Canada in every corner of Canada. We—

**Mr. Kelly McCauley:** Is it more omicron than it is difficulty hiring people in the rural areas?

**Ms. Manon Fortin:** For us, it's definitely more omicron right now.

**Mr. Kelly McCauley:** In Alberta the case counts are dropping, as we are seeing across the country, thank heaven. Is there a sense that we're getting back to regular service? Again, what we're hearing from the rural areas—

**Ms. Manon Fortin:** Yes.

**Mr. Kelly McCauley:** It's difficult, I understand, but we're hearing very difficult stories from them of long drives to get service, etc. Are we going to come out of that, or is this the new reality for the rural areas?

**Ms. Manon Fortin:** It's not the new reality for rural areas. In fact, since the peak of the second week of January in terms of the number of cases in our operations, where people had to either quarantine or be away from work because they had contracted COVID, we have seen, since that worst week, a gradual reduction of those cases. Gradually people are returning to work.

I would say, from what I've seen nationally, there has been about a 30% improvement in people—

• (1430)

**Mr. Kelly McCauley:** [*Technical difficulty—Editor*] difficulty in hiring postmasters for the rural areas?

**Ms. Manon Fortin:** Staffing has been and continues to be a challenge not just in rural Canada, but in urban Canada as well. For the most part, we've been successful. We have a process that we follow, and typically we are successful in staffing our post offices. There have been rare occasions where a postmaster has retired and—

**Mr. Kelly McCauley:** Is it more COVID.... I'm sorry. To summarize, they're more COVID-related, these issues we've seen in the last couple of years?

**Ms. Manon Fortin:** Yes.

**Mr. Kelly McCauley:** I want to get back to—I know it's out of your control—the poll that everyone's talking about. Have you been presented with the results of that?

**Ms. Manon Fortin:** I have not.

**Mr. Kelly McCauley:** No? Have you asked for it?

**Ms. Manon Fortin:** I have not.

**Mr. Kelly McCauley:** Okay.

On the Canada Post debt, I think you were allowed a debt ceiling of \$2.5 billion. What are you at now and when are you going to hit that debt ceiling?

**Ms. Manon Fortin:** I don't have the specifics on that, but we will make sure that we provide them to the committee.

**Mr. Kelly McCauley:** Okay. I think I'm out of time.

Thanks for your feedback.

**The Chair:** Thank you, Mr. McCauley.

We'll now go to Mr. Housefather for five minutes.

**Mr. Anthony Housefather (Mount Royal, Lib.):** Thank you very much, Mr. Chair.

[*Translation*]

Thank you, Ms. Fortin, for having been here with us today.

[*English*]

I know your job is a very challenging one, and I want to thank you and all of the Canada Post employees across the country who do such a great job to bring postal services to all Canadians.

[*Translation*]

**Ms. Manon Fortin:** Thank you.

**Mr. Anthony Housefather:** You're welcome.

[*English*]

I have a couple of questions.

My colleague Mr. Johns asked earlier about the options of banking at Canada Post, and you briefly brought up the MyMoney pilot project that's being done.

Could you talk to us more about the MyMoney project and how it would work? How would it compare to loans from banks, for example?

**Ms. Manon Fortin:** First of all, thank you so much for the feedback on our employees. They are very hard-working, the 55,000 of them, and I'm glad they receive some recognition. It's been a tough two years out front.

It is a test that we're doing in partnership with TD. We have it across several sites in Canada and, really, the difference, I suppose.... I'm not an expert, and we could provide you with all of the details separately. We're not a bank. What we are is an access point for customers who visit that post office in the community to see the offer of service and to be directed to TD to go to access the service.

That's our role. It's really making use of that great network that we have in what might be an underserved community for financial services and putting information out there that they can access. Through that, they contact TD and a transaction occurs or not.

**Mr. Anthony Housefather:** We all know that the union representing the Canada Post workers has been recommending that seniors services be provided, or other types of services, particularly at rural locations.

**Ms. Manon Fortin:** Yes.

**Mr. Anthony Housefather:** Could you talk to me a bit about how Canada Post has thought about what types of services it might be able to offer to enhance its service offerings and also to help Canada Post become more profitable, especially in rural areas?

**Ms. Manon Fortin:** First of all, rural Canada is incredibly important to us. It's part of our mandate and we want to offer the best service possible, and we're very proud of that network, because it's a unique advantage to us.

In terms of the services, the first priority is to ensure we can have a high-quality service on our basic products. That is why I keep talking about capacity investments, because the smallest of post offices can have capacity challenges as much as the biggest offices. That's priority one.

Priority two is some of the work that we're doing around our community hubs. We have set out to say to communities, "You tell us and you work with us, along with the unions, to identify the services that you feel might be of use to your small business customers and to your community." Then we try to tailor that in those tests to see how it will work.

We're at the beginning stages of that program. Like I said, we're going to be doing two more—with locations to be determined—but that is how we will learn what works, what doesn't and what services might help us better serve those communities.

• (1435)

**Mr. Anthony Housefather:** Excellent, and I assume that when you're doing that you're also consulting with and working with the union in discussions about launching the pilot projects.

**Ms. Manon Fortin:** The local, national, and regional unions have been very heavily involved. They have been side by side with us on this.

[Translation]

**Mr. Anthony Housefather:** That's fantastic.

As an M.P. from a minority language community, I naturally feel a strong attachment to bilingualism. I know that's also true of you at Canada Post, at both the provincial and national levels.

Could you tell us about the current challenges for Canada Post at the moment in terms of the bilingual services available everywhere in Canada? Are there any specific challenges?

**Ms. Manon Fortin:** First of all, we want to keep our retail sales network. Wherever bilingualism is essential, we do everything possible to offer bilingual services to customers. When there are problems, we try to deal with them. That's part of the quality services we offer to all Canadians. It's one of our priorities.

[English]

**The Chair:** Thank you, Mr. Housefather. Things are going along very well.

We are now going to go to the fourth round.

We will start with Mr. Lobb, for five minutes.

**Mr. Ben Lobb:** Thanks very much, Mr. Chair.

I want to go back to a couple of topics. I do appreciate the amazing work that must have been required over the last couple of years to keep things going. It would definitely be unprecedented. I think everyone on the committee appreciates that.

Obviously, you're the interim chief operating officer, so you're involved in all of the important discussions. I want to go back to the underfunded pension liability. There's a three-year average underfunded pension liability of, I believe, \$7.1 billion, and in 2020 it was \$6.3 billion.

For a number of years now, you've asked, and I wouldn't say you specifically, but Canada Post has asked for a special payment holiday. Are there any concerns in the corporation on where that number is heading based on the fact that it is quite a significant number?

**Ms. Manon Fortin:** We're always worried about financial sustainability. As I said, it's part of our dual mandates. Specific to the pensions though, I don't have the specifics, but I'd be happy to have someone follow-up with the committee.

**Mr. Ben Lobb:** Fair enough.

Another comment you made was about the MoneyGram product. Do you have an estimate of how much that MoneyGram product costs to set up and deliver?

**Ms. Manon Fortin:** I don't. It's actually been installed in our network of post offices for quite some time, and I haven't seen specific numbers recently. Again, we will certainly be happy to provide you with that information.

**Mr. Ben Lobb:** Do you know, when you're looking at quarterly reports, monthly reports and annual reports, if there is a separate line item for IT expenses that would go into supporting and maintaining, let's say, this MoneyGram program?

**Ms. Manon Fortin:** I don't know if that's in the annual report. I do know, from the initial implementation, that the MoneyGram service was set up as a third party service—totally self-sustainable.

**Mr. Ben Lobb:** Do you know how much revenue MoneyGram generates in a year for Canada Post?

**Ms. Manon Fortin:** I don't have the specifics about that either, but I'll be happy to provide them.

**Mr. Ben Lobb:** Fair enough. I know that it is kind of a granular idea and granular topic.

There's also the core business you're involved in. On the parcel business, did you mention what its margins are?

**Ms. Manon Fortin:** No, we said we could provide you that separately.

**Mr. Ben Lobb:** Among C-level staff, executives, and board of directors, is there a discussion that takes place often, or ever, about the different business units that you have under the umbrella of Canada Post—for example, their margins and performance? Do those discussions take place often?

• (1440)

**Ms. Manon Fortin:** I think every executive team reviews and discusses their results on a regular basis.

**Mr. Ben Lobb:** I'm not trying to be critical, but I'm surprised that nobody on this call today knows what the margins are in some of these business units. I would have thought you would be able to rhyme them off, lickety-split, but maybe not.

The question I am still unsure of is where you see this going. I'm from rural Ontario. Where do we see the delivery business going? Where do we look at the performance levels for these individual Canada Post stations?

**Ms. Manon Fortin:** Where do we see it going, or where do we see it?

**Mr. Ben Lobb:** You've described some of the business climate that you're in today, and we've talked a bit about rural delivery. Where's the strategy at Canada Post to continue to deliver mail to rural addresses in light of a declining business market?

**Ms. Manon Fortin:** Our strategy is to build on what the pandemic has brought to us from the changing needs of Canadians, which is in the parcel business. Where we are going is...

We place incredible value on the rural network, as well as the urban network. We're proud of it. It differentiates us from others. We are investing heavily across the network, including the smallest office that delivers to the smallest community, to the biggest plant in Toronto that drives most of the parcel volume in Canada.

**Mr. Ben Lobb:** I'll ask one last question, if there is any time.

**The Chair:** Thank you, Mr. Lobb. Unfortunately, that's the five minutes.

We'll now go to Mr. Bains for five minutes.

Go ahead, Mr. Bains.

**Mr. Parm Bains:** Thank you, Mr. Chair.

This is a great discussion we're having here.

Recent census data showed us that B.C. is the most desirable place to live in Canada. We're having a discussion around rural and small communities. Some of our rural communities are becoming small communities, rather than remaining rural. We've seen throughout COVID that people are choosing to work remotely and are leaving the urban centres and going into the smaller communities, such as Lake Country and Langford on the Island. There is significant growth in B.C. We've just hit a population of five million.

Are you monitoring this? What adjustments are you making to meet those demands? Are you seeing those demands specifically in the smaller communities? What changes are being brought forward there?

**Ms. Manon Fortin:** We are absolutely seeing that change. That is why I mentioned that volume growth in the pandemic. Between

2019 and 2021, the urban growth in packages was 13%. The rural growth was 48%. We think part of that is from people moving away from the urban centres. Think of Toronto, and then think of Barrie and the surrounding area. It's the same in Vancouver, with people moving away from Vancouver into the surrounding areas.

It creates a challenge for us from a network perspective. There might have been a little truck going from the main office to that community before to a small post office with two employees serving that community. Now we have to have a bigger truck, so we've changed that and we have to expand.

I talked about Saint-Lin-des-Laurentides. I don't know if members know that location in northern Montreal. It used to consist of people going to their cottages. Now it's people who live there. It's a beautiful area. We've had to expand—

• (1445)

**Mr. Parm Bains:** In your previous answer, you rattled off a number of locations, primarily in the east. I'm concerned about B.C. What is happening in B.C.?

**Ms. Manon Fortin:** We have areas across the country. I could send you the information. I listed a bunch, but the list is three pages long of where we're building new...or expanding or changing the network or adding trucks. It's quite long, because there has been a significant impact on that network, for sure.

**Mr. Parm Bains:** Right, and we have different geographical terrain in B.C. also, and you're adapting to those impacts as well.

**Ms. Manon Fortin:** Absolutely. We've had to adapt. We've put in contingencies while we're able to find a new building or to expand the building. We've put in contingencies in some of those locations, but there are plans in many communities, and of course, we go by our prioritization. It starts with the service, and then the capacity of the community versus the growth. That's how we've been prioritizing those investments.

**Mr. Parm Bains:** Are you getting feedback? I know that it was one of my previous questions, and I don't think we got to the answer on that. How often do you measure customer feedback?

**Ms. Manon Fortin:** I know that the retail network.... Well, maybe Serge is in a much better position to answer that question, since he is in business development and is customer-facing.

**Mr. Serge Pitre:** We are measuring multiple different areas. We use what we call the “net promoter score” methodology to reach out to consumers, what we call “mid-market” and very small businesses across the country. By adding the feedback of not only Canadian citizens but also businesses, we have implemented a plan to improve our service. This is the way for us to get feedback from consumers and businesses.

**Mr. Parm Bains:** Thank you.

Ms. Fortin, could you please forward the information as you indicated?

Maybe with the few seconds I have left I'll give a shout-out to one of your colleagues in B.C. here, Mike Lee, who has done a great job of reaching out to all of us.

**The Chair:** Thank you very much, Mr. Bains.

We'll now go to Ms. Vignola for two and a half minutes.

[Translation]

**Mrs. Julie Vignola:** Thank you very much.

Ms. Fortin, there is an English expression that says:

[English]

“know your enemy”.

[Translation]

Has Canada Post carried out comparative studies on its various competitors that would analyze cost per parcel, by weight, distances covered and employee costs?

Are salaries, benefits, employee ages and staff turnover comparable?

In short, have there been any solid comprehensive studies that provide enough reliable information about your competitors to level the playing field for you?

**Ms. Manon Fortin:** I will let Mr. Pitre answer the question about competitors and their playing field.

**Mr. Serge Pitre:** Thank you very much.

We are in fact carrying out studies on competition in the Canadian market to see what our competitors are doing.

You mentioned the English expression,

[English]

SWOT analysis,

[Translation]

Which rendered into French becomes an “FFPM or SWOT analysis,” in reference to strengths, weaknesses, opportunities and threats. Most of our competitors in Canada do more than just e-commerce. They also do B2B or Business-to-business commerce, which somewhat changes their business model and all of their activities in Canada.

Rest assured that we are doing the studies required to come out on top, and also to serve all Canadians, because that's our primary

role. We don't have the option of saying yes or no to certain types of business, and we need to serve everyone.

• (1450)

**Mrs. Julie Vignola:** I'd like to make a short comment.

The collective agreement with Canada Post employees gives them a right to take leave if they are ill or have to be placed in quarantine. They are not entitled to the Canada Emergency Response Benefit, or the CERB. However, employees at competing companies who had to take leave because they were ill, are so entitled.

Do you consider that to be an advantage for employees, but a financial disadvantage for Canada Post?

**Ms. Manon Fortin:** I consider that an advantage, because our priority is the safety of our employees. We wanted to give them the opportunity to request leave if they had contracted COVID-19, if their children could not go to school or if they had to care for an elderly person.

It was the right thing to do, and I'm happy that we were able to do so.

[English]

**The Chair:** Thank you very much.

We will go to Mr. Johns for two and a half minutes.

**Mr. Gord Johns:** Thank you, Ms. Fortin, and all of the 68,000 employees at Canada Post. I greatly appreciate your work, especially given the circumstances of COVID-19.

Now, to go back to postal banking, we know it works from experiences in other countries and economies similar to Canada's, such as the U.K., New Zealand, France, Italy and even Switzerland. Postal banking is part of the community, and it's profitable. Given the deficits you're facing and the challenges coming out of COVID-19, it just seems to make sense that there's no better time for Canada Post to help build profits for now and for the future. We know that corporate banks, as I stated earlier, have been abandoning rural and urban Canada. Fewer than 10% of indigenous communities actually have a bank or credit union.

You talked about some of the success you're seeing in your pilots. Many people rely on private businesses right now to cash their cheques in these rural areas, and in urban areas the payday lenders are preying on people. Access to one's own money is not just a privilege; it's a right, one that no Canadian should be denied. Your own unions are calling for it.

Why is Canada Post not moving forward with postal banking? What are the barriers?

**Ms. Manon Fortin:** Yes, we understand that our unions are supportive of the idea. As I said before, we are collaborating with our unions on a great many fronts. That includes our community hubs and the MyMoney Loan initiative. We may not agree on everything, but we do agree on providing a great service.

Relative to postal banking, as I mentioned, we are expanding our services.

**Mr. Gord Johns:** Could you speak to how this ties into reconciliation, given that I just shared with you that 10% of indigenous communities don't have a bank or credit union? I mean, this is a serious issue. You have an opportunity to advance reconciliation in a real and meaningful way.

**Ms. Manon Fortin:** Yes. For now what we are doing is we are testing. We are testing and trying to find partnerships for what might work in both indigenous communities and rural communities. We'll have to see where that goes from there. For the moment, though, we are not intending to launch full banking services.

**The Chair:** Thank you very much.

We'll now go to Mr. McCauley for five minutes.

**Mr. Kelly McCauley:** Thanks again for your feedback.

Again, from our earlier studies of postal banking, I note that almost every place where the NDP comments that it's a great idea, the postal services have been privatized. I don't know why the NDP keeps pushing for the privatization of Canada Post.

Let me ask you this. You have been interim for six months. How is being interim affecting your ability to deal with some of these massive losses that Canada Post is facing? Do you have full control to do what is needed to achieve the changes?

**Ms. Manon Fortin:** My job as an operator is to provide the best service possible while keeping our employees safe, and to get through this pandemic, now in wave five, with the best service possible and the safety of our employees.

• (1455)

**Mr. Kelly McCauley:** If that's the case, who at Canada Post is responsible, then, for the financial oversight to achieve the mandate of fiscal sustainability, if your focus is solely—not to be argumentative—on the great service?

**Ms. Manon Fortin:** That would be our executive team.

**Mr. Kelly McCauley:** Okay. What is the board's view, then, on these crippling, eye-watering losses that taxpayers will have to make up?

**Ms. Manon Fortin:** I cannot speak for the board. I'm sorry.

**Mr. Kelly McCauley:** Okay. That's fair enough.

What's going on with the market share? I understand that the market share for parcel delivery is dropping. Is that correct?

**Ms. Manon Fortin:** Maybe I'll have Mr. Pitre answer that question.

**Mr. Serge Pitre:** If we are talking about pure market share, you are right, but we are still growing in net numbers. Basically, e-commerce in Canada is growing. Our business is growing. Obviously—

**Mr. Kelly McCauley:** Are you concerned about the loss in market share, though? Canada Post's costs are significantly higher than those of your competitors. Canada Post is losing market share. Is that not rather worrisome?

**Mr. Serge Pitre:** Well, basically, that's a big reason for investing into our network, to increase our capacity to be able to service Canadians based on the needs and growth of e-commerce.

**Mr. Kelly McCauley:** Has the investment in such services reversed the decline or the market share loss?

**Mr. Serge Pitre:** As we mentioned, we are currently investing to meet the demand. Obviously, that demand was accelerated by the COVID situation and brought in volume the whole market did not expect, in the short term.

**Mr. Kelly McCauley:** All right.

Is Canada Post losing market share because of pricing, capacity issues or for other reasons?

**Mr. Serge Pitre:** Basically, the base where the market is growing so fast, and the ability for everybody to answer that.... There has been an issue with capacity in the marketplace. That's why, as Manon mentioned, we advanced some of our investment plan—to add that capacity and to service the marketplace in Canada.

**Mr. Kelly McCauley:** When do you expect the market share erosion to be reversed with these investments? Your competitors are facing the same issues with COVID and everything else. They don't have the advantage of Canada Post's size and everything else.

**Mr. Serge Pitre:** As Manon mentioned earlier, the new plant in Toronto will be online early next year, adding multi-million added capacity to our network. This will help us.

**Mr. Kelly McCauley:** The 2018 announcement of the new vision says—and you may not be able to answer that—that Canada Post “will provide high-quality service at a reasonable price”. Who is deciding the metric for a high-quality service, and who is deciding the metric for a reasonable price? You may have to get back to us.

One of the items said that you're going to be enhancing the remittance, which we just spoke about earlier. How much extra revenue has that enhanced remittance focus brought in for Canada Post?

The reason I bring that up is that very little attention is brought to the massive losses Canada Post is incurring. EY Reporting and others have said that \$400 million a year in potential savings is lost by the abandoning of community mailboxes. In response to that, Canada Post said they were going to enhance the remittances.

How much of that \$400 million has been offset by enhanced focus on the remittance program? Is it a significant amount?

**Mr. Serge Pitre:** I'm sorry, but I don't have that information with me now. We'd be pleased to—

**Mr. Serge Pitre:** Yes.

**Mr. Kelly McCauley:** Would you be able to get back to us?

**The Chair:** Thank you, Mr. McCauley.

Now we'll go to Mr. Jowhari for five minutes.

**Mr. Majid Jowhari:** Thank you, Mr. Chair.

Madame Fortin, I have a question about some of the greening initiatives that Canada Post is implementing to reduce the Canada Post carbon footprint.

Can you specifically expand on the pilot project that I believe you are doing on e-cargo in Montreal?

**Ms. Manon Fortin:** As I said before, we are constantly looking to innovate on how we improve service and how we go about meeting our other ambitions around social, environmental and indigenous issues. The e-trike pilot is an exciting innovation. It was tested in Montreal. It's like a bike with cargo behind it, with some power. It's obviously meant to replace fossil fuel vehicles in the downtown core.

The test was held this spring and summer in Montreal. I live in Montreal, and I consider it a pretty difficult city to operate in, whether you're in a car, a bike or otherwise. It was quite a success, actually. Our test was intended—with employees, the union and the city—to help us understand if we can operate these vehicles in this environment. Is it safe for employees to operate these vehicles, and for Canadians who live in Montreal? How does using those vehicles change the cost of each of the items we would deliver through them?

We've gathered some of that data, and now we are going to be testing in a very different city—we'll be in Ottawa, actually—to see if the results change when you're not in a big downtown core like Montreal's. It's certainly an option for us.

We think our fleet of the future will look very different from the fleet we have today. Using e-trikes and drones might be one of those solutions, which is why we keep trying different things.

• (1500)

**Mr. Majid Jowhari:** Thank you for that. That's quite interesting. We're looking forward to the results of that and the applications for other urban areas.

My next question is on Canada Post potentially allowing some of its facilities to be used as charging stations to support our EV infrastructure. Can you expand on that one?

**Ms. Manon Fortin:** Are you asking if we're going to provide infrastructure—

**Mr. Majid Jowhari:** Yes. Are you considering something like that, stationing some of the fast EV chargers, typical charging stations, at some of them?

**Ms. Manon Fortin:** Eventually we will, probably. For now our focus on EV stations is to have them through the community hubs, because the community has asked for them, and to have them for our fleet. When we receive those electric vehicles in Montreal and Vancouver shortly, we will need to have stations for them to be able to be charged.

We have 12,000 vehicles, so our focus is on how we make sure we can electrify and green that fleet and provide the infrastructure for it. That's not to say that down the road, with the network of post offices that we have and depending on where electrification goes for every Canadian, we're not going to be providing—because of the numerous locations we have across Canada—something for Canadians to charge with, but our focus right now really is on our own use, if I can put it that way.

**The Chair:** Thank you, Mr. Jowhari.

Thank you, everybody, for being here.

Thank you to the witnesses, Ms. Fortin and Mr. Pitre. I am specifically looking forward to hearing and learning more about rural Canada and the reality of what rural Canada is, because it's not cottage country, so I appreciate this. You indicated throughout the meeting that you would provide answers to the committee, so please do so and provide those answers to the clerk.

Likewise, members, if you have any extra questions you are thinking about that you want to put in writing and submit to the clerk, we will take those and submit them as well.

With that, I'd like to thank you all, and I'd like to thank the interpreters. It was a much easier meeting than the last one.

Also, to the technicians, the clerk and the analysts, thank you very much.

With that said, I call the meeting adjourned.

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