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Wednesday, November 16, 2005

• (1535)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Good afternoon, everyone.

We're here pursuant to Standing Order 108(2) with a review of Canada Post and the activities of Canada Post. We have as our witness today Ms. Moya Greene, who is the president and CEO of Canada Post.

Go ahead with your comments, Ms. Green, and then we'll get straight to questioning when you're through.

Ms. Moya Greene (President and CEO, Canada Post Corporation): Thank you very much, Mr. Chairman.

Mr. Chairman, committee members, it's a pleasure to be back here before you.

[Translation]

Good afternoon, Mr. Chairman. Ladies and gentlemen members of the Committee, it's a pleasure to be here once again.

[English]

Six months ago, prior to being confirmed as president and chief executive officer of Canada Post, I had an opportunity to appear before you. At that time I had to qualify a number of my statements with, "Well, I don't know yet", or "I'm not quite there yet". So I really want to thank you for your patience and for giving me this opportunity to come back before the committee to share some of my early impressions of my first six months on the job.

Back then, Mr. Chairman, you noted that I was coming to this position at an interesting time. Well, I can tell you that after six months it surely has been interesting, but this has also been the busiest and most engaging time in my career. It's also been the most educational.

[Translation]

I have visited Canada Post operations in every corner of the country — 13 of our 22 major plants, dozens of letter carrier depots, local post offices and other facilities.

I have met with thousands of Canada Post employees. I have also met with representatives of all of our unions. I have met with suppliers. I have met with customers. And I have also met with parliamentarians.

[English]

While their diverse perspectives are not always easy to reconcile, they reinforce in many different ways just how much Canada Post still matters to this country. We reach every community, indeed every home in Canada. We deliver 37 million pieces of mail to 14 million addresses every day, or at least 96% of the time. We consistently deliver within most of the times promised and in all kinds of weather. In the process, Canada Post employs 70,000 Canadians, and of course the jobs of many more thousands of Canadians are indirectly related to what I'm going to call the mailing industry.

Despite all of this, there are still misconceptions about Canada Post, and they continue to influence how people view the company.

[Translation]

One of the most widespread of these is that Canada Post is subsidized by taxpayer dollars.

Part of the rationale for establishing Canada Post as a Crown corporation in 1981 was the fact that the Post Office Department was accumulating massive losses — almost half a billion dollars in its last year as a department.

[English]

That's really important. That tells you the progress that has been made. In the last year in which it was a department, Canada Post had run up an operating deficit of \$1 billion. Now Canada Post is profitable, and it has been profitable for the past 10 years. It has generated about \$1 billion in net income. That's the transformation. Far from being a burden on taxpayers, the company has paid more than \$500 million in dividends to our shareholder, the Government of Canada, and Canada Post has also paid income tax for the past three years.

The second misconception about Canada Post, Mr. Chairman and members of this committee, is that the letters from one person to another are the mainstay of our business. The image of a letter carrier delivering a letter from a friend far away is an enduring one and it's still an important one. It is what most people still think of when they think of the postal system. But as powerful as that image is, it actually does not reflect the role of Canada Post today. Personal correspondence between individuals accounts for only 2% of our revenues. By comparison, 90% of our revenues come from business clients. Canada Post is a critical piece of the nation's commercial infrastructure.

More than 40% of the company's revenue, \$2.4 billion, is generated by what I call statements, bills and invoices and other commercial documents that come from the large businesses of the country, the insurance companies, the utilities, the telcos, the banks, 200 very large companies in Canada.

Our \$2-billion courier and parcel operations are also predominantly used by businesses. Meanwhile, direct advertising mail has grown to the point at which it now accounts for 20% of each Canada Post employee's paycheque.

• (1540)

[Translation]

It is this business — from our commercial customers — that we depend on to fund our operations. Clearly, we are in no position to take these customers for granted. Competitors abound.

[English]

That leads me to perhaps the most persistent misconception about Canada Post, which is that we're immune from competition. The parcel and courier part of our business is hyper-competitive, and so is the direct marketing segment. Moreover, in an age of high-speed Internet, electronic bill presentment and payment, instant messaging and other technological innovations, there are many substitutes for paper-based communication.

For example, Bell Canada is offering its customers incentives to receive their bills and their billing information online. The Canada Revenue Agency, one of our largest customers, promotes online income tax filing, significantly reducing the number of income tax returns that now go through the mail every year. You probably have seen these changes in your own personal habits. I know three years ago I was not filing my income tax online. So I think there has been a major change in the way in which we communicate.

All of this forms the backdrop of the most critical challenge the company faces, which is the erosion of letter mail volume, the paper business that is still the mainstay of Canada Post. The volume of letter mail has been gradually eroding worldwide. Postal administrations around the world are coping with the same phenomenon. We're struggling to determine when the tipping point will be reached that could bring about a dramatic drop in mail volume. No one has a definitive answer, but we cannot ignore the trend and the fact that it is coming.

We are developing products, therefore, that will serve as substitutes for our large customers and for consumers for letter mail. At the same time, we're working very hard to defend our current business by improving its reliability and the value of the current product mix for our customers. At a time when consumers place a premium on choice, our combination of capabilities, on foot and on wire, gives customers the ability to communicate with Canadians by their mode of choice.

I spent a great deal of time, Mr. Chairman and members of the committee, with customers. That, too, has taught me a lot. If we're to prosper in this company, we must meet their rising expectations.

[Translation]

This begins by changing attitudes within Canada Post. We must determine a new course for ourselves based on a clear understanding of the challenges we face.

Clearly we cannot do this alone. We have a shareholder, the government of Canada, whose support we need as we implement changes. It will be important for the Corporation and the government to work together to chart the way forward.

[English]

To the same end, constructive dialogue with our unions and the wholehearted support of all of our employees at the operational level—at every level in the organization—will be crucial for our success.

Part of my job is to make sure the links between the corporation and its stakeholders remain strong and productive. Of course, this applies to parliamentarians as well. I look forward, then, Mr. Chairman and members of this committee, to continuing to work with you in the future and with other members of Parliament as well to ensure that there is a common understanding of the challenges facing Canada Post and that the company is equipped for future success.

Thank you.

The Chair: Thank you, Ms. Greene, for your opening statement.

We'll go directly to questions. For the first round, Mr. Pallister.

Mr. Brian Pallister (Portage—Lisgar, CPC): Thanks, Mr. Chairman.

Thank you, Madam Greene. It's nice to see you here, and I appreciate your presentation and the work you're doing at Canada Post.

My concerns centre largely on Canada Post's response to the Deloitte & Touche audit. I appreciate that efforts are being made to respond in a number of areas. One of the areas that concerns me most specifically is the issue of the so-called audit of the office of the former president. I'm concerned that it has been a number of months—I think we're approaching 15 months—since the minister assured us in the House that an audit would be undertaken.

I have obtained information—of course I can't use access requests, so I've used order paper questions—that tells me that the corporation, Canada Post, has only asked Mr. Ouellet for receipts three times in the last 15 months. I understand that the last time you asked through your lawyers was in June, and that at that time Mr. Ouellet responded through his lawyers by saying he didn't have any more receipts.

Now, I'm curious on a couple of fronts. Some of them don't concern you. One of the fronts I'm concerned about is the lack of action subsequent to that date, but I'm curious as to why Canada Post would only go after Mr. Ouellet's receipts three times in a period of almost a year.

• (1545)

Ms. Moya Greene: Well, Mr. Pallister, I actually think a request given three times and supported by legal documentation is quite a definitive request. Once Mr. Ouellet informed us that he had no more receipts in his possession, for me, at that point it didn't seem reasonable to keep asking him. He has fully cooperated, as far as I know, with all of the audit work that has gone on in Canada Revenue Agency, and in my opinion that's as many times as one might ask for such a thing.

Mr. Brian Pallister: Well, I have to say that of course you're entitled to your opinion. I have a number of constituents who have been audited who wouldn't be given the benefit of the doubt for two weeks, let alone for a year, so this is where I'm coming from.

I've asked the minister 26 times in the House of Commons, frankly, when the results of this audit will be made public. He continues to say I'm asking him to break the law. Of course I'm not; what I'm asking for is some level of accountability.

Your chair told us in the spring that he expected the results would have to be made public in response to the public outcry around Mr. Ouellet's expenditures, and I would have to agree with him. Do you agree with him?

Ms. Moya Greene: I can understand why many people would feel that this is a matter that ought to be made public. There are laws, though, that protect the privacy of people's personal information, and we can only do as those laws require us to do. With that in mind, given that I haven't received the results of the audit yet, the best I can say to the committee, Mr. Pallister, is that once we have the results of the audit, I will look at it, we will look at it, our board will look at it. We will take advice as to what, if any, should be our next steps, and on the basis of that advice we will be on a surer footing going forward.

Mr. Brian Pallister: You've spoken about respect for privacy and so on, and I couldn't agree more. However, the money that was expended was expended on behalf of the president of Canada Post, not of the individual. Of course, if it was expended on behalf of the individual, he should have paid taxes on it a long time ago. It was expended from a public office and it was public money, so to hide behind privacy rules when the money that was claimed by Mr. Ouellet was claimed under the auspices of a public office, the office of Canada Post....

It seems to me self-evident that the public would deserve to know that the money was spent and how it was spent on their behalf. Don't you agree?

Ms. Moya Greene: Well, I think corporate expenses also entail considerations of privacy, and one must be careful about those as well. As I mentioned in my opening remarks, we are in a very competitive market. I think that we have to be prudent about how much information—

• (1550)

Mr. Brian Pallister: Madam Greene, I'm sorry, but you're switching arguments, and I want to point this out. You began by saying this was an issue of privacy—

Ms. Moya Greene: As it pertains to Mr. Ouellet, yes, it is.

Mr. Brian Pallister:—which I do not believe, of course, and now you're saying it's an issue of guarding competitive advantage by not disclosing the expenses of the office of the president.

Ms. Moya Greene: I understand. The point I was trying to make, Mr. Pallister, is that these expenses may well be corporate expenses.

Mr. Brian Pallister: Let's hope so, since \$2 million was paid out on that basis, right?

Ms. Moya Greene: Yes, and as I say, we haven't yet received the results of the audit. When we do, then I'm going to be in a better position to look at it and to determine what, if any, are the next steps we should take.

Mr. Brian Pallister: Let me just ask you a specific question, because we understand that Canada Post has not received the results of this audit and we also understand that over 330,000 audits have been completed by Revenue Canada since the minister made his promise. We're curious, naturally—I would hope all committee members are curious—as to why there's the delay. Can you tell the committee, first, why there's the delay, and second, how much is missing in terms of receipts? Specifically, how many dollars were paid out to Mr. Ouellet that were not receipted?

Since he's notified you of the absence of receipts, he must also, then, have provided receipts. It would follow, then, that you should know how many dollars' worth of receipts have been provided. I'd like to have that information, if I might.

Ms. Moya Greene: On the matter of delay, I cannot tell you why it is taking the length of time it's taking. I can tell you, from advice I've received from our own tax counsel, that in corporate audits of this kind that go back several years it's not unusual for them to take a great deal of time. I think we are talking three or four years' worth of corporate expenditures that are being reviewed.

In terms of how many of the receipts are missing, I don't know the answer to that question. I absolutely don't know the answer to the question. I will try to find that out and get back to you.

But the thing I would say is that it's not as clear-cut as I had thought in the beginning. If I might, I'll explain.

It also goes to the quality of the receipting. Sometimes you will have a receipt, but it may not be of the kind and quality the Canada Revenue Agency would accept. These standards, as they relate to the quality of the receipting, have changed, I am advised, over time. So I don't know. That is the honest answer to your question, and I would just like to introduce the fact that it's not as black and white as even I had thought at the outset.

Mr. Brian Pallister: I want to close by thanking you for your responses.

I hope you can get that information, that you make the best efforts to get that information to our committee. As long as Mr. Ouellet's expenses are not remedied in public view, I suggest to you that this will be a burr under the saddle of your efforts to become truly accountable and transparent to the Canadian people in your operations.

Ms. Moya Greene: I certainly hope not.

The Chair: Thank you, Mr. Pallister. Your time is up.

Now, as the committee would know, we agreed at the start of our mandate a little over a year ago that if any member on this committee did extra work in terms of getting information together and doing research into an issue, they'd be given extra time at this committee meeting.

Madam Thibault has done that, so if you would begin, Madam Thibault—and you can of course split with your colleague—I'll allow you up to 20 minutes for questions. Go ahead.

[Translation]

Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Thank you very much, Mr. Chairman. I would first like to thank you and my colleagues for agreeing to this today and for giving us a 20-minute block - no pun intended — of time.

Ms. Greene, thank you for accepting the invitation extended by the Chairman and the members of this Committee. As the Chairman already guessed, we will be sharing our speaking time. Most of the 20 minutes will be used by my colleague, Mr. Simard.

Ms. Greene, as you can well imagine, I clearly recall the announcement made with respect to the closure of the mail sortation plant in Quebec City. This is something that is of tremendous concern to us. In fact, the day we read in the newspapers that the mail sortation facility would be closing, you were actually visiting Rimouski. Of course, I had the pleasure of discussing this with you at the very beginning of your mandate, when you visited the facility.

My questions relate to that very situation — or non-situation — in terms of the services being provided to people living in the area. Like every other member of Parliament, I had a chance to spend time in my riding during the summer. I personally went to the postal outlet operated by the franchisee, and I can tell you that there is a huge difference, Ms. Greene. I mentioned that the main post office in Rimouski provides very good service, and I want to describe the issues we are now facing. I do not intend to name the franchisee, but I want to give you an example of something that I, personally, and assistants working in my riding office experienced.

Of course, the franchisee operating the postal service is also operating a convenience store, a drive-through, or the like. When we arrived at the postal outlet counter, the person on duty, who isn't at the counter all the time, was busy selling a pack of gum, cigarettes, newspapers or some other items, or collecting money from someone who had just filled his gas tank. In other words, that person was busy with other activities. My assistants and I waited, and waited, for about 15, 18 or 20 minutes before that individual came to serve us. When someone finally came over to serve us, the owner or manager

of the business told her to forget about selling stamps and that they were there to run their business and not sell stamps. So, the employee went away and let us wait there for another 10 or 12 minutes.

The reason I'm laughing, Ms. Greene, is that I do have a sense of humour in situations where I'm forced to wait, but at some point, you start to get annoyed. I don't accept the idea that because we live outside the large urban centres or because the outlet is a franchise, we should necessarily expect this kind of thing to occur. I expect a franchisee to provide the same service as an official or employee working for Canada Post.

Could you tell me how you, as CEO, and your colleagues at the various levels of the Corporation, ensure that the minimal service criteria I imagine you have set are actually met.

That is my first question. Thank you, Ms. Greene.

• (1555)

Ms. Moya Greene: Ms. Thibault, I want to begin by saying that it is a real shame and I very much regret, on behalf of Canada Post, that the service you received in that case did not meet your expectations. However, I can tell you that as a general rule, I receive a lot of feedback from people who tell me that the service offered by franchisees is actually better, because their hours of operation are better suited to people's work schedules, and because they can do other things in these outlets at the same time, since they are often located in a pharmacy or a place where you can shop for other important items.

In answer to your question about service criteria, I want you to know that we do have such criteria. A contract is entered into with all franchisees, and that contract sets out Canada Post's expectations. We are currently placing more of a focus on those criteria. We have a new position in retail sales which will involve ensuring that service and service criteria are met more appropriately. There are some 7,000 postal outlets in Canada. We are bound to have problems from time to time, but I can tell you that people are generally very satisfied with the service being provided in the franchises.

Ms. Louise Thibault: I just want to say, Ms. Greene, that this is an example I am bringing to your attention before actually making a formal complaint, because to be perfectly honest with you, that is the stage we are at now. I think it's a shame, because this is taking place in my own riding, but if the criteria are not being met and the franchise doesn't really interest the manager or owner of the facility, then he certainly won't mind some other business be given an opportunity to provide the service. There is a minimum level of service that has to be provided.

Before I turn it over to my colleague, I have one other brief question. You are doubtless aware that we prepared, debated and worked very hard in this Committee to ensure that whistleblower legislation would be passed by the House of Commons. As regards the legislation protecting people who blow the whistle on wrongdoing, I was wondering whether you have a process in place at the Canada Post Corporation to protect any individual who discloses abuse or unacceptable behaviour within a Crown corporation such as your own. I would ask that you provide only a very quick answer to my question.

●(1600)

Ms. Moya Greene: Yes. I'm not sure what the appropriate expression is in French, but we do have a whistleblowing policy in place to protect people who become aware of inappropriate activity with respect to work performance, customer service, suppliers or anything else. A policy has been put in place, and for us, it is a very important mechanism through which to ensure that employees wishing to make an anonymous complaint have the opportunity to do so. To my knowledge, we have thus far received about 52 complaints, which have been investigated. So, the system is working. In terms of governance, this is another mechanism that is improving the way we do things.

Mr. Christian Simard (Beauport—Limoilou, BQ): It's my turn now. Good afternoon. I would like to suggest that we reach a moral agreement: I will ask fairly short questions, and I would like your answers to be as short and precise as possible, so that we can get through all the issues.

I would like to talk about the closure of the mail sortation plant in Quebec City, which is causing quite a stir in our area. A broad coalition — the petition has some 120,000 signatures — is opposed to that closure. The fact that the mail sortation facility is threatened with closure is disrupting the entire region, which is an important one, being the location of the Capital of Quebec.

I would like to know whether you currently have a plan for office closures across Canada. You say that you are doing this to rationalize your operations, but what was the basis for your deciding to close the facility in the Quebec City area, rather than one in Ontario, Prince Edward Island or Vancouver? Was it based on a comparative analysis of the productivity level of the various mail sortation facilities that you decided to close this facility first?

Ms. Moya Greene: We don't exactly have a comparative analysis of their productivity, but let's just say that Quebec City was not the only one affected. We have a network of facilities, and for the last 20 years, that is how we have been doing business: we are constantly reviewing all of our facilities. For example, we amalgamated two facilities to create a single one in Edmonton, and we have gone from five plants to two in Toronto. In Montreal, we have gone from three plants to one. This is an ongoing process.

Mr. Christian Simard: So, you don't have a plan in place for the next three years?

Ms. Moya Greene: No, there is no plan showing where changes will be made. No such plan exists.

Mr. Christian Simard: Is it normal for there to be no plan?

Ms. Moya Greene: We don't have a specific plan such as the one you have described. Yes, I would say it is normal, because we're talking about a large network comprising 22 plants, and we are continually reviewing our operations.

I would like to point one thing out, Mr. Simard. As I already mentioned, this has been occurring across the country for the last twenty years. As regards Quebec City, I can tell you it is a very important centre for Canada Post. There are some 1,100 jobs in Quebec City and we spend \$90 million there every year.

●(1605)

Mr. Christian Simard: Sorry to interrupt, but you haven't answered my question. I would appreciate your giving me a direct answer to my question.

Of the 22 plants, how many are there in Ontario, for example?

Ms. Moya Greene: I don't know exactly. There is one in London, one in Ottawa, one in Mississauga, and one in Toronto. I would have to do some checking to ascertain the exact number.

Mr. Christian Simard: I believe there are six. Sometimes we ask questions we already know the answer to. People often say it's better that way. Do you consider it normal for there to be six mail sortation plants in Ontario, whereas only one will remain in Quebec? Quebec's population is not five times smaller than the population of Ontario. So, there are to be six sortation plants in Ontario, and only one in Quebec. Do you not consider that unfair?

Ms. Moya Greene: No. In my opinion, Mr. Simard, it's not a question of fairness, but a question of how we should be running the business. In Montreal, we have surplus capacity. In the Quebec City region, there are still a great many facilities, such as the parcel facility that we will be expanding.

Almost 55 per cent of Canada Post's business volume is handled in Toronto and in Ontario. That is the reality. It's not a question of fairness.

Mr. Christian Simard: And what percentage of your business volume is handled in Quebec?

Ms. Moya Greene: Around 24 or 25 per cent, but I would have to check that number.

Mr. Christian Simard: It's a little less than half of the volume in Ontario. So, there will be one sortation facility in Quebec, compared to six in Ontario. That is a disproportionate number, compared to business volumes in the two regions.

Ms. Moya Greene: Don't forget that we have the parcel plant on Hugues-Randin Street in Quebec City. It is a major one.

Mr. Christian Simard: We're not talking about comparable facilities. That one is a parcel facility, whereas the one I'm referring to is a sortation plant. There are about 22 equivalent mail sortation facilities. It's important to compare apples with apples, and oranges with oranges.

Ms. Moya Greene: In that case, we shouldn't be including the Gateway plant in Toronto, where the main operation is parcel sortation.

Mr. Christian Simard: That leaves five. The fact remains that if it is five to one, the proportions don't seem to be appropriate.

You say that this is just a business decision. But it seems to me that when you make a business decision, you want to know which facility is more productive, and which one is less productive. That calls for a productivity analysis of each facility — a comparative analysis. You then review the overall situation and close the facility that is least productive. If that is not the process you are following, then I would say you have an odd way of making decisions.

Ms. Moya Greene: We consider the origin and destination of mail being handled in the region to see whether other facilities in the area have the necessary capacity to meet our service requirements. The decision is made based on those criteria. Productivity in Vancouver or Montreal has nothing whatsoever to do with moving mail. It is the movement of mail in Quebec City that is at issue here.

• (1610)

Mr. Christian Simard: I presume you did carry out an analysis on a basis of those criteria and that they probably relate to mail volumes. Could you provide us with your business case for closing the mail sortation facility in Quebec City?

Ms. Moya Greene: Yes, I can certainly provide you with the criteria that we used as part of that analysis.

Mr. Christian Simard: I would like that to be tabled with the Committee. The criteria are one thing, but I also would like to know how those criteria were applied. I hope this is a fairly serious study, because we're talking about something major.

I would also like to know — and I'll tell you right away that I already know part of the answer — how many permanent positions and how many temporary positions will be lost in Quebec City. When I refer to temporary positions, I'm talking about people with no job security.

Ms. Moya Greene: No job...

Mr. Christian Simard: I'm not talking about jobs, Ms. Greene, but of positions. When jobs are involved, there is always the option of cutting back staff through attrition, or transferring people to Montreal. Here I am talking about positions.

Ms. Moya Greene: Yes, Mr. Simard, but this is very important for us. It's a business matter and a question of what is reasonable from a business perspective.

Allow me to explain. These voluntary retirements are very important to the Canada Post Corporation. Indeed, some 10,000 employees will be retiring over about the next five years. However, given the mail volumes we expect to handle over that period, we will not be in a position to replace all those employees. When you have a job with Canada Post, considering the job security that employees have been able to secure through their collective agreements, it really is a job for life. In this case, a person has to have worked for 30 years before he or she can be replaced.

Mr. Christian Simard: That's interesting, but it doesn't really answer my question.

Ms. Moya Greene: It's very important for us. It may not be in your case, but it certainly is for us. That's why this is a business decision.

I want to point out, however, that no jobs will be lost. Indeed, it is current jobs that are the most important. The Corporation simply cannot replace all the employees who will be retiring over the next five years: we don't have work for them.

Mr. Christian Simard: Ms. Greene, you are confusing two different things: jobs and positions. There are 160 temporary positions held by people with no job security at the Quebec City main sortation facility. These are people who work between 10 and 20 hours a week. It was important for them to have these jobs, because in a way, it was a foot in the door. Representatives of the

Public Service Commission were explaining to us this week that a lot of people find jobs that way. They get a temporary position with the Corporation, hoping that one day it will turn into a permanent position. I am talking about temporary positions. If there is a closure, those 160 people have no security.

Am I wrong?

Ms. Moya Greene: There are three categories of employment. There are both permanent and part-time positions. All those positions provide job security. As regards temporary positions, there will always be a need for casual employees. But those employees are not entitled to job security. However, Canada Post will always need casual employees, even in the future.

As I already explained, we will be investing between \$2 and \$4 million in Quebec City to expand the parcel facility. We are currently spending \$90 million there on an annual basis, the 1,100 jobs there will remain in place, and we will always need casual employees. As the term suggests, casual employees are not permanent employees. They may be students or people working several hours a week, but that job is not one they keep for life.

Mr. Christian Simard: It may not be for life, but the fact remains that some people have been working 20 hours a week for the Corporation for 10 or 15 years now. Those individuals have families, expectations. Their ongoing lack of security causes them problems.

You're telling me that the 500 people currently working at the mail sortation facility, 300 hundred of whom have a permanent position and 160 of whom have a casual position, will all be working once the mail sortation facility has closed? Is that the commitment I just heard you make? That all these people will keep their jobs with the Corporation once the mail sortation facility is closed? Will those positions just magically remain in place? Is that what I'm hearing?

• (1615)

Ms. Moya Greene: No permanent or part-time job with job security under the collective agreement will be lost. As for casual employees...

Mr. Christian Simard: The 160.

[English]

The Chair: Monsieur Simard, sorry, your time is up.

[Translation]

Ms. Moya Greene: I know that we will need casual workers in the future. However, I don't know whether we will be hiring the exact same number of casual employees we currently have, but I will check that information, Mr. Simard, and I would be very pleased to pass it along.

Mr. Christian Simard: I have one last short question.

[English]

The Chair: A very short question.

[Translation]

Mr. Christian Simard: Do you have an idea of the significance of the economic spin-offs, in terms of salaries, and so on, associated with an average mail sortation facility? Since you are part of the regional economy, do you know what the economic spinoffs generated by a mail sortation facility such as the one in Quebec City would be, in terms of salaries and indirect costs for the region? Have you done any studies in that area?

Ms. Moya Greene: No, I don't have any studies dealing with that. However, considering that this will occur gradually — in seven stages over a two-year period — and that we will be making an additional investment of between \$2 and \$4 million and will continue to play a major role in Quebec City, I would not expect there to be major economic spinoffs.

[English]

The Chair: Thank you, Ms. Greene.

We'll go now for eight minutes to Mr. Boshcoff and Mr. Godbout. You'll split your time as you see fit.

Mr. Godbout first, go ahead.

Mr. Marc Godbout (Ottawa—Orléans, Lib.): Thank you, Mr. Chair.

Welcome, Madam Greene. It's a pleasure to see you after six months on the job.

[Translation]

You made passing reference earlier to the subject of my first question. How would you describe Canada Post's current financial situation? Do you consider it to be satisfactory? Are you meeting your targets in terms of profitability? Could you provide us with a brief overview, as I will be sharing my time with my colleague?

Ms. Moya Greene: If you don't mind, Mr. Godbout, I would like to answer in English, because I can't think of all the correct financial terms.

[English]

Here's how I would describe the situation.

We will meet our plan, and we may in fact do a little better than our plan, but I would say that Canada Post is at a very important crossroad. If you look at the rate at which our costs are increasing, and if you look at the fact that our price is capped, we are now competing in almost every one of our markets. If you look at the fact that the primary product, which is statements, bills, and invoices, the letter mail product, the 50¢ product, is eroding slowly but with certainty. We've not been investing in the business. We've been putting the bare minimum into the business, which is not a sustaining level of investment for a \$6.7-billion company. If you look at our ability to pay the huge obligations that we're taken on, the pension and other benefit obligations that we've taken on, and the fact that we're going to probably be cash negative by 2007, I would say that Canada Post is at a crossroad.

We're barely keeping our head above water in terms of profitability. We're losing roughly \$60 million to \$70 million worth of profitability a year because we have to deliver to a quarter of a million new addresses every year. What I call the density of the mail

that we're delivering to each one of those addresses and the yield of the mailbag are going down. Fifty-cent mail is being replaced by direct marketing mail, which is a very important product for us, but it's at a much lower price, with a much lower yield than direct mail.

My description of Canada Post, if I stand back from it, is that we're running very hard to grow the revenues in a declining business, without a sufficient capital investment to sustain the business, given its size, so as to barely hold our head above water on the earnings side.

The crossroad is the following. I think we're going to have to make a decision as a country at some point in the near future. I'm not saying that it's a burning platform, because it's not; it is a worrisome situation. But at some point in the not-too-distant future, Canadians and you, as representatives of the shareholder Canadians, are going to have to decide whether you want this company to break out and be a vibrant, great business that can deliver lots of added value to business customers, who provide 80% of our revenues. It will require investment. It will probably require a new approach, with more effort being taken to engage our employees in the success and the future success of the business, which is something that is not there now.

You have to decide whether you want that. Is that the vision you're prepared to support as a shareholder, or are you satisfied to see it gradually wither on the vine, with its level of profitability diminishing every year?

I know that when Canadians hear the figure of \$200 million, they think that's a huge amount of profit. But \$200 million on a \$6.7-billion revenue base, for the world in which I have come from, would be totally unacceptable.

I think that's the kind of crossroad we're at. I don't want to exaggerate it, because I want an opportunity to come to this committee and share with you our thoughts as a company on what is possible.

It isn't a burning platform. We are able to pay our bills, but just barely. I see the company withering. That's what I see.

• (1620)

Mr. Marc Godbout: I have additional questions, but I said that I would share with my colleague.

I will defer to Mr. Boshcoff, but perhaps I may come back, Mr. Chair.

The Chair: Mr. Boshcoff, go ahead, please.

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): Are you familiar with the Canadian International Mail Association?

Ms. Moya Greene: No, I don't know the Canadian International Mail Association. That's not NAMMU, is it?

Mr. Ken Boshcoff: Okay. I have received an unsigned letter from them, but their e-mail happens to be g-money. They are a consortium of international mailing companies.

Ms. Moya Greene: They're probably my competitors, Mr. Boshcoff.

Mr. Ken Boshcoff: Yes, they're Key Mail and Spring Canada, and they're concerned about legal action with regard to your monopoly powers.

Is it now starting to ring a bell for you?

Ms. Moya Greene: Yes, this rings a bell.

Mr. Ken Boshcoff: This unsigned letter claims you want to shut them down. Maybe just start there. Can you talk about it?

Ms. Moya Greene: Here's what I know about that litigation.

As I mentioned in my opening remarks, I think it is becoming a misconception that the company is a monopoly. We see competition in all segments of our business. But it is still the case that according to the legislation, the delivery of a piece of mail that is non-urgent and less than 55 grams is the franchise that the Parliament of Canada gave to Canada Post. It is a less valuable franchise today than when it was given to Canada Post 25 years ago, although the obligations the Parliament of Canada straps to Canada Post as the quid pro quo for that franchise have also certainly not diminished; they've gone up.

So the franchise was given to the company to help us pay for all of these obligations we have. While it is diminishing, I think it is our responsibility as a company to defend it, because that's what was conveyed to Canada Post as a crown corporation according to the Canada Post Act.

So what Key Mail is doing is directly in that franchise area, and that is the reason we have been successful in the courts of the country in defending our franchise.

• (1625)

Mr. Ken Boshcoff: Okay, I have a quick question then. Is there a reason it took you 13 years to get around to actually proceeding legally on this? Can you answer that?

Ms. Moya Greene: I don't know the answer to that, but it does seem like a very long time. Maybe that includes all of the appeal steps as well, but I will get that.

Mr. Ken Boshcoff: Many members of Parliament across the country are receiving petitions to the House of Commons, and the opening statement is: "WHEREAS the federal government is allowing Canada Post to close post offices in spite of a moratorium on closures in rural and small towns..."

The minister on many occasions has indicated his policy, and I have documents from that. What is your policy?

Ms. Moya Greene: My policy, as I said when I first appeared, is that I'm going to completely respect the directives that the Government of Canada, as the shareholder, gives me. I think one of those directives goes back to 1994 and is called the moratorium on post office closure. So I'm going to be completely respectful of that, but I'd like to put a few facts on the table.

Mr. Ken Boshcoff: Why is this petition arising?

The Chair: Very quickly, Ms. Greene. The Liberal time is up.

Ms. Moya Greene: The petition is coming from the union, mostly. When you have a rural network of 4,187 outlets...and they are very varied. They can be just a shed at the end of the wharf. In 1,000 of these cases they're the houses of the postmasters. So when the postmaster dies or retires—I have actually had it happen since I have been at Canada Post—sometimes the widow will say, "We don't want the post office in our house anymore".

So situations arise like that, where you have to take some action. We have cases of fraud. We have cases of post offices being in northern posts where we don't have computerization. But we're not closing anything that is inside the moratorium.

The Chair: Ms. Greene, I'm sorry, the time is up.

Mr. Lunn is next, for seven minutes.

Mr. Gary Lunn (Saanich—Gulf Islands, CPC): Thank you, Mr. Chair, and thank you, Ms. Greene for coming.

I know you've been in the job only a short while, and I know you appeared before this committee when you were being confirmed on May 5. I want to bring you back to something that you said to this committee, and I quote: "...my view is that being open and transparent is always the best way to improve the overall management of the organization". I thank you for that. That's exactly what we need.

And of course, there was Mr. Feeney, who's the chair, and I'll quote from him. He said, "I think there would be little choice on that as long as it's not an invasion of privacy. I'm sure more than the chairman or the CEO, the minister will need to make it public...", etc. He even went on to say, and I think this is in reference to Mr. Ouellet, "Expenses that are not legitimate will be recovered. That's the obvious business thing we have to do."

And of course, those are all the right things to say.

I just want to comment on the privacy issue right now.

Mr. Ouellet's expenses were done with public money. He knew they were done with public money. I would submit he forfeited that right, and the Canadian people have a right to know. I'll show you where I'm going with this. It's an enormous frustration of mine. I'm going to read from Justice Gomery's report now, on page 253:

In general, Mr. Ouellet's actions and administration of the business operations of Canada Post, with respect to sponsorships, advertising and stamp marketing, whether as Chairman or President, were characterized by extravagance. Decisions were made unilaterally, disregarding established procedures and favouring his friends over the interests of the corporation.

They went on to talk about the Lafleur agency, Michel Tremblay... "to render services at great expense". But he believed that Mr. Ouellet had the support and approval of the shareholder, the government. Justice Gomery has accepted that evidence.

I'll tell you why this is so significant. When you accepted this position, we all knew there was an election coming in January. That was the original timetable. When the Prime Minister spoke last May, he said he was going to be calling an election within 30 days of Justice Gomery's final report, which at that time was expected to come out on December 15—a similar timeframe as we're having now.

For the corporation to move forward, this has to be cleared up. Most importantly, I don't deserve this information; this committee doesn't deserve this information. The Canadian people do—before an election. We've had six months to get this information out, and I don't believe it's going to come out. It's an enormous frustration. I appreciate that you've been in the job a short while, but something like this is an enormous stain on Canada Post—on the institution, not you, obviously. Before you can move beyond this, that has to come out. You have to bury it; you have to get it behind you. And you have not done that.

We are going into an election. It's an enormous frustration for me. Why have you not ensured this information is out before this election that is expected by everybody, when we knew six months ago?

• (1630)

Ms. Moya Greene: I understand the frustration, and I understand the desire to turn the page. I have to tell you that Canada Post has been the most evaluated and reviewed and audited company that I've ever heard of. I think there are so many auditors they've taken over the whole first floor of the building. There's no question that as the new CEO I definitely want to turn the page on all of that. I share your frustration.

But I cannot control how long it's going to take the Canada Revenue Agency to complete an audit. I don't want to pass the buck, because I am advised by my own tax lawyers that these things take a long time, especially if they're going back over several years. All I can say to you is that when we get it, we will review it very carefully. I will be reviewing it with my colleagues on the executive management team with advisers and legal counsel. We will be reviewing it with our board. And we will decide at that point what, if anything, we need to do.

But on the main thrust of your question, on the need to turn the page, I completely agree.

Mr. Gary Lunn: Thank you.

I'll just close and give it to my friend here, Mr. Chair.

I just came back...it was six months, and it's so important that you move forward as a corporation. In your own words, you talked about the company withering—that was your testimony—and the challenges. I can't remember the exact language, so I'm paraphrasing now, but you said it's like you're treading water.

You're not going to move beyond these conditions until you turn this page, and it's your responsibility to go to the government and demand that you turn this page. The Canadian people have a right to know. You know what we're facing, and that hasn't happened. That frustrates me, speaking on behalf of Canadians. You should be beating down the government's door, saying that you want this information out, you want to turn this corporation around, you want every single Canadian to know exactly what happened. Until you do that, you cannot move forward, in my humble opinion.

Thank you.

The Chair: Mr. Preston, you have a minute.

Mr. Joe Preston (Elgin—Middlesex—London, CPC): I'll follow on from my friend's comments.

You mentioned that \$200 million worth of profit in a \$6-billion organization isn't to the level you're used to, so \$2 million worth of missing profitability of that \$200 million is still a fairly significant number. That's what we were talking about with Mr. Ouellet.

To go back to the Gomery report, it described Mr. Ouellet's term as CEO and chair at Canada Post as a time of extravagance. How have your six months been so far? Have we cut back on some of the extravagance?

Ms. Moya Greene: I don't know, but if you talk to people who know me personally or professionally, I'm not an extravagant person. But I am the head of a large company and I have to learn the operation. I want to be out with my people. I want to learn the job from the ground up, so I am going to be travelling. I have been travelling. I've been all across the country. But I don't think I'm extravagant. I see that as an investment in the business and my commitment to the business. So no, I don't think "extravagant" is a word that people generally apply to me.

•(1635)

The Chair: Very good.

Mr. Joe Preston: Do I have time for a short one?

The Chair: No, your time is up, Mr. Preston.

I apologize. Mr. Martin did want to ask some questions, and I passed over his turn.

Go ahead, Mr. Martin, please.

Mr. Pat Martin (Winnipeg Centre, NDP): Thank you very much, Mr. Chair. That's very fair.

Hello, Ms. Greene. Thank you for being here.

One of my questions, Ms. Greene, stems from a comment you made, that in your first six months one of the first observations you've made is that the business or the company seems to be withering. That's the term you used, and I don't disagree.

I'm very concerned that some of the main, key federal institutions that we are proud of don't really do us proud in some places. I think of downtown Winnipeg, where I live. The once grand Canada Post main depot is really a crumbling, sad, dingy old building. I don't mean this in any critical way, but that's the image Canada Post has as an institution currently, as dated and not modernized.

What I'm getting at is that it isn't really anything other than a policy directive that you have to pay a dividend to the government. I've always found fault with that since I've been involved as a critic of Canada Post. Rather than paying a dividend to government, we should be using the profits to reinvest and to make this a state-of-the-art, world-class, streamlined, gleaming institution instead of a faded, withering institution.

What can we do for you so that you can reinvest into the company, first, the \$93 million in taxes that you pay, and second, the \$50-some-odd million per year in dividends that you pay, so that we can be proud of Canada Post again? -

Ms. Moya Greene: To support a reinvestment program in the company, the investment program that you would put in Canada Post today is not the same one as you would have put in the company 25 years ago, because a lot has changed in that 25 years. But one of the things I would like us to do as a collective group is to turn our minds to what a modern post would look like and how much electronic functioning needs to be there to support a modern post.

My 16-year-old daughter has never been to a post office. She communicates in wholly different ways than I did. That's within one generation. So how are we going to support her message needs in the future?

Mr. Pat Martin: Good point.

Ms. Moya Greene: I would like us to think that, yes, hopefully there is always going to be lots of paper that still needs to be moved around the system, because the 22 plants and 15,000 letter depots that we have really rely upon paper. So hopefully we're going to be able to manage the slow erosion away from paper in a forthright and far-sighted way.

But your point about reinvesting in the business is critically important. I have to say, though, Mr. Martin, I don't mind paying the

dividend. In my opinion, if we make a profit—and that is the mandate that the shareholder has set for us, and it is a very good mandate—

Mr. Pat Martin: The shareholder is the government.

Ms. Moya Greene: The shareholder is the government.

Mr. Pat Martin: It's not a private company, where you're sharing this dividend with investors.

Ms. Moya Greene: But there is only a certain amount that the national economy, if I can look at it that way, needs to put into a postal work. There are other priorities for a national economy. A competitive, vibrant, profitable postal company should contribute to those other national priorities too, and that's what the dividend does.

Mr. Pat Martin: But shouldn't those dividends go back into providing better postal service for Canadians, not go back into consolidated revenue?

Ms. Moya Greene: Maybe if they were needed to support the capital plan....

Mr. Pat Martin: In the case of Winnipeg, they are needed, because it's an embarrassment. That place is an embarrassment.

Ms. Moya Greene: I think what you're going to see in the corporate plan we're putting together is that we're going to try to invest in our existing plant and equipment and at the same time remain profitable, and at the same time pay a dividend from the postal sector in the country to the other important sectors.

•(1640)

Mr. Pat Martin: I didn't raise it to be critical of your plan, but it wasn't by the Canada Post Corporation Act in 1982 that you have to pay a dividend. It was, in fact, the minister.

Ms. Moya Greene: But it was contemplated.

Mr. Pat Martin: It was contemplated, but it's a policy directive. That's all it is. It's not carved in stone.

Ms. Moya Greene: Yes, but in my mind, it's a fair one. If the company is profitable—

Mr. Pat Martin: I think it's a dumb one. For the record, I think it's crazy, when the system itself is being starved for resources, that you have to cough up \$50 million a year to the government for something that's supposed to be operating—not non-profit, but it's supposed to be running as efficiently as possible, but virtually non-profit. We're not supposed to have to feed it; it's supposed to be free-standing. But it was never designed to be a revenue generator, a cash cow for the federal government, at the expense of the integrity of the system.

Ms. Moya Greene: Here's how I look at it. I respect your point of view, but I'd like to do better than simply breaking even and reinvesting everything back into the postal sector of the economy. I'd like to think we have a chance to lead a very vibrant company that can, at one and the same time, invest in the plant and the equipment and the electronic future of the post and contribute to other sectors.

Mr. Pat Martin: Not to interrupt, but I always run out of time.

Your operating at a profit is another tax on Canadians. It's another way for the federal government to get another \$50 million out of Canadians' pockets, because—

Ms. Moya Greene: Well, it's better than operating at a deficit, which is where it used to hover.

Mr. Pat Martin: I don't think you should operate at a deficit.

I have one last question. Rural route mail couriers were a real project of mine. How are they doing? What's their status? Have you found a way for them to be employees of the corporation?

Ms. Moya Greene: Yes.

Mr. Pat Martin: Do you still have any rural route mail delivery contractors?

Ms. Moya Greene: No. As far as I know—and I'll stand to be corrected, because I'll go and check—we brought into the collective agreement 6,100 rural and suburban mail carriers. It is a collective agreement that, over a period of time, has certainly increased the salary and benefits of the current group. I think in one year the benefits went up by 20%, at a very considerable cost to the company. To take in 10,000—

Mr. Pat Martin: Yes, but it used to be by the exploitation of rural Canadians, who were getting hosed by Canada Post's—

Ms. Moya Greene: Well, I don't know that, but I will take your word for it, Mr. Martin. I do know some rural and suburban mail carriers who wonder whether the independence they had as independent contractors was not a very important thing to have given up. I've heard that in my travels as I've gone—

Mr. Pat Martin: Nobody demands the right to work for less. That doesn't mean, I don't think—

The Chair: Mr. Martin, your time is up.

Ms. Moya Greene: But yes, I think they're all part of our collective agreement now.

The Chair: Thank you.

We go to Mr. Scarpaleggia for seven minutes.

[*Translation*]

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): Thank you, Mr. Chairman.

Welcome, Ms. Greene. You may recall that the last time you appeared, one of my major concerns had to do with the fees that Canadian magazines have to pay to have them distributed across this vast country of ours. Has there been any change in the fee structure since your last appearance?

Ms. Moya Greene: No, there has been no change. However, the agreement between Canada Post and Canadian Heritage expired last March, and we are continuing to provide the service under the same conditions. I should say, however, that this particular business line

may well end up being subsidized twice — once by Canadian Heritage, and once by Canada Post.

Mr. Francis Scarpaleggia: So, the agreement has actually expired, but payments will continue until a new one has been signed.

Ms. Moya Greene: That's correct.

Mr. Francis Scarpaleggia: My second question has to do with the way those fees are calculated. How do you set the fees for magazines, considering that — and correct me if I'm wrong — you have a monopoly in that area. When it comes to parcels, there are other options: people can choose to send their parcel through UPS, Federal Express or Purolator. But those companies are rarely used for magazine distribution. Is the magazine distribution market competitive? If not, is that the area where you have the largest monopoly?

•(1645)

Ms. Moya Greene: We do not have a monopoly, not at all. Magazines are primarily distributed through newsstands.

Mr. Francis Scarpaleggia: I just want to clarify one thing. What you are saying is true with respect to foreign magazines. The major American magazines have a distribution monopoly in convenience stores. To my knowledge, however, Canadian magazines are primarily distributed through Canada Post, unlike American magazines, which have a monopoly and cover practically the entire...

Ms. Moya Greene: Mr. Scarpaleggia, I will have to confirm this, but as far as I know, distribution occurs, first and foremost, through newsstands. Canada Post only distributes magazines to subscribers, and to subscribers alone.

New magazines — and you may not be aware of this — are not distributed through Canada Post, but rather through newsstands.

[*English*]

It's not we who do that; they put them into newspapers as inserts. So there are many methods of distribution for magazines. We're important, and the magazine clients are important to me.

One thing I would like our magazine clients to understand, though, is that we have a lot of small businesses that distribute products that look exactly the same size and weight as a magazine. These small businesses end up paying three times as much as the magazine pays, because of the subsidy programs to distribute Canadian magazines. I'm not saying that's a wrong thing. The Government of Canada has decided—I think, thankfully so—that it wishes to subsidize Canadian magazines through the Department of Canadian Heritage. All I'm suggesting is that it's probably not a good idea for us to subsidize with two hands.

Mr. Francis Scarpaleggia: When you set the tariff for the price of distributing magazines, is it specific to magazines, or is it based generally on any mail of that size?

Ms. Moya Greene: No, it's specific to magazines, and it's a lot less than if you took an envelope or a piece that would be roughly the same weight as a magazine and put the same address tag on it. If it was a small business person wanting to send a packet at that weight, it would cost a lot more.

Mr. Francis Scarpaleggia: Is it entirely because of the subsidy?

Ms. Moya Greene: Maybe not, because there are many things that affect the price one can obtain in a market. You know the competitive features of the market are certainly very dynamic. Packets are taken by CANPAR, UPS, Purolator, and if they're big enough and you have enough of them, they will be taken by small freight carriers as well for distribution by urban networks.

Mr. Francis Scarpaleggia: That was my initial point, that the small package market is competitive, but the magazine market—

• (1650)

Ms. Moya Greene: It looks like the same thing is my point. My point is that if I talk to the small business community in this country, they will point out what they pay for similar weight and size, and sometimes exactly the same product, but it isn't eligible for the subsidy.

The Chair: Thank you.

Mr. Szabo, you have a short question for Ms. Greene.

Mr. Paul Szabo (Mississauga South, Lib.): Ms. Greene, you've travelled a lot around the country, and you've probably noticed that Canada Post is resident in a lot of older buildings. Probably many of them are historic sites, and communities have grown up around them. The market value of those properties has gone up enormously, but because they're historic sites, your ability to do much with them is somewhat narrow, but opportunistic, I would think.

Can you tell us whether Canada Post monitors its facilities in terms of the changing world of postal services, and whether or not it's still appropriate to have transfer points in the middle of convenience stores and whatever, where you've got almost commercial activity going on—tourist-like?

I would give you an example. As a pilot, please ask your people to have a look at the Port Credit postal facility. It's 100 years old. Most of the activity you used to do there you don't do anymore. It is in the heart of the most beautiful place in the entire city, and it's still used as a transfer point with a bunch of trucks rolling in and out. It doesn't fit. There are people who would really like to talk to you. Somebody hasn't been given the message that it's okay to start talking about making a deal, where we can cash in on the improved market value of that property and get a more efficient structure, so you can start dealing with some of the difficulties you may have seen.

Could you do that?

Ms. Moya Greene: That is a very interesting and good suggestion. Yes, I will look at that.

As you point out, Mr. Szabo, we have a lot of real estate across the country. Sometimes it's not used for the best purpose. The world changes, Canada is getting older, the demographics change, and the needs of the community change.

I can tell you what we have done, and I will try to marry it up with your very good real estate idea. We have set up a community

engagement group inside Canada Post to be much more forthcoming, open, and direct in our dealings with communities across the country.

The network we have is huge with 7,000 outlets across the country. I don't suppose anybody has an outlet network as large as that one. It's constantly in change, in flux, and things happen: the building needs to be closed because the zoning has changed in a small community; or a postmaster dies, and they don't want the post office in his house anymore. Things happen, and we're constantly looking at our communities and facilities, and working much more directly with communities on what we should do where. The most recent example was Barkerville. So—

The Chair: Okay, Ms. Greene, the time is up.

We'll go for the last five minutes of questioning to Mr. Preston.

Mr. Joe Preston: Thank you very much. I probably won't take that much time.

Mr. Scarpaleggia was talking about the subsidy given to Canadian magazines by direction of Canadian Heritage. Is that where the subsidy comes from?

Ms. Moya Greene: Yes.

We also end up subsidizing too, so it's given with both hands.

Mr. Joe Preston: Well, that's what I was going to say. It comes away from your profit.

Do you take that off the amount of profit Mr. Martin was talking about, which you give back to the government? This is a profit that you're just giving up because you're told to.

Ms. Moya Greene: That's correct.

Mr. Joe Preston: Okay.

On the rural post office issue that Mr. Godbout started on, which I'll also try to get to, you talked a lot about some examples. We keep hearing these examples. After the moratorium has been set on the closure of rural post offices, we hear about the postmaster dying, that you can't get anybody to take the franchise, or that someone is given the franchise and then decides that he doesn't want it, and therefore it closes. This gets around the moratorium this way.

How many fewer rural post offices do we have today than we did when the moratorium was put in place? Do you know the answer?

Ms. Moya Greene: I don't know that answer, but I'll get it for you.

Mr. Joe Preston: I have a feeling that there have been quite a few closures. Now, I do recognize there have been legitimate reasons for each and every one of them. But I'm just asking, although there's a moratorium in place, if we are working hard enough to overcome the closure of the post office, or are we just saying there's a good enough reason, and let's close it?

• (1655)

Ms. Moya Greene: No, but I would ask you to understand that when you say "post office", it's not always what you think it is. It's not what you think—

Mr. Joe Preston: Oh no, I know it's rural Canada. I know very well that it may be.... I happen to know a young lady who had the post office move into her bedroom the minute she moved out of the house, so I know exactly what we're talking about here. But that community counts on having a post office in its locale.

Ms. Moya Greene: Well, I want to reassure this committee that where there's any service requirement at all, we do everything we can—everything—to find a way to keep it open. But what I'm trying to put on the table, Mr. Preston, is that sometimes there isn't a service requirement any longer. That's all I'm trying to say.

Mr. Joe Preston: If that's the case, I think we could both justify it, but let's see how many there were.

The other thing we talked about the last time you were here is the competition by our local post offices in the retail market. There are good entrepreneurs out there running card stores and knick-knack stores, and those types of things, and they're being competed against, if you will, by you, the post office. But I recognize what you're saying, that you've got to grow your market and that you've got to see where you're going. However, is it your mandate to put the small businessmen out of business?

Ms. Moya Greene: Absolutely not, but it is my mandate to operate ancillary services. With our postal outlets, we have so many of them. I know they're never going to be a destination shopping experience. I don't have any illusions that I'm creating a boutique, but I do need to be mindful of the need to increase foot traffic and increase revenue. I have some post offices where revenue for a whole year is less than \$1,000, and I have people working at those post offices, so I have to do something.

Mr. Joe Preston: You have to justify their existence, right.

One other question I have, and I don't know the answer to it—as we often don't—is about the library book rate that we've been talking about—

Ms. Moya Greene: It's not an issue.

Mr. Joe Preston: You've now accepted where we were with the library book rate?

Ms. Moya Greene: That is a matter that should never have become an issue at all. But I accept completely that Canada Post will do whatever we can to make sure library books are moved between and to libraries in this country. I don't think I can expand it, but one

of our most important sponsorship and community activities is certainly literacy, and this supports that.

Mr. Joe Preston: I'll share the rest of my time with Madame Thibault, if there's anything left.

The Chair: Go ahead, Madame Thibault.

[*Translation*]

Ms. Louise Thibault: Thank you very much.

Ms. Greene, in response to a question from my colleague earlier, you said that your decision was a business decision and that, for that reason, you had not based yourself on a specific plan. You said you would provide us with some data. I would like to make a suggestion. If we want to ensure that you provide us with that specific information — along the lines of: in light of this, could you provide the following information? — would you agree to provide that information not only to the Bloc québécois, but to the Committee as a whole? We could draft something fairly short, with a couple of very brief questions and, if you are able, you could pass on the information.

Ms. Moya Greene: Yes, if I can.

Ms. Louise Thibault: Of course, if it isn't possible, you can simply state that you cannot provide the information, which will already be an indication that you haven't looked at the issue from that angle.

Ms. Moya Greene: Yes.

Ms. Louise Thibault: When my colleague was speaking earlier, you referred to casual, temporary and other kinds of positions. I want talk about the positions held by people who work on a casual basis — people who are not permanent employees.

There is a reality we're facing in all our communities, not just in Quebec, although we are talking about what is occurring now in the Quebec City region. Those jobs provided family income to 20 or 25 people working 20, 25 or 27 hours a week. Then suddenly, overnight, that income is no longer going to be available.

Of course, you have talked about the positions that will be maintained, saying that there will be a facility elsewhere. However, I am very concerned, as are my other colleagues from the Quebec City region, about the 160 people who will be affected. These families will suffer a loss of income. We have been told — and correct me if I'm wrong — that wages and benefits at Canada Post Corporation represent approximately 67 per cent of the budget. In light of this new way of doing business and the decision to close the mail sortation facility, what savings do you expect to realize for the Corporation? There should be some.

• (1700)

Ms. Moya Greene: Yes, but I don't have the exact figures with me. I could send them to you.

However, it's important to understand, Ms. Thibault, that although there will, of course, be savings, transferring the mail to Montreal will entail certain costs. Furthermore, I want to emphasize that we will be making additional investments in Quebec City, to expand the facility on Hugues-Randin Street.

Ms. Louise Thibault: I would like to know the amount of net savings you expect to realize through this closure. Perhaps you could explain what the initial amount of savings is expected to be, minus the reinvestment required for other purposes? What will the net amount be?

The minute I have remaining I will pass on to my colleague.

Mr. Christian Simard: My question is related to the specific information we will be requesting. The cost per letter, or per piece handled, is one way of calculating the productivity level of mail sortation facilities all across Canada.

In Quebec, how much does it cost to process a letter? I imagine it costs less than the price of the stamp, since you are making a profit. I would like to get that comparison.

Also, how many casual positions will be lost? You did not mention that earlier. Are we talking about 160 positions?

Ms. Moya Greene: I cannot tell you that right off the bat, but I believe there are fewer than 100 positions — a lot fewer. However, I will check that information, and get the figures you have requested.

Mr. Christian Simard: Of the 302 positions that are currently permanent, how many will be transferred to Montreal? How many workers will have to move to Montreal?

Ms. Moya Greene: I believe the number is about 150.

Mr. Christian Simard: So, 150 workers and 150 families will have to move to Montreal. That is what I understood you to say.

Do you have plans to relocate people to Quebec and modernize the facility in another location? I'm told that the City of Quebec offered you land to build a modern, efficient facility that would replace the current one.

Ms. Moya Greene: I believe the matter of the land was dealt with long before I arrived at the Corporation. It was discussed three or five years ago. The fact is we don't need land and we have already informed the City of Quebec of that.

Mr. Christian Simard: That's too bad, but the City's offer was actually more recent than that.

[*English*]

The Chair: Thank you, Monsieur Simard.

[*Translation*]

Mr. Christian Simard: Thank you, Mr. Chairman.

[*English*]

The Chair: And thank you, Ms. Greene, for coming today. We are out of time. You have promised to provide certain information for the committee, and the sooner the better. We'll be looking for that. Again, thank you very much. We look forward to having you back in the future.

Ms. Moya Greene: Thank you very much.

The Chair: We'll suspend the meeting now for about two minutes and come back in camera with our witnesses to discuss their proposal.

[*Proceedings continue in camera*]

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