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# **Standing Committee on Government Operations and Estimates**

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**EVIDENCE**

**Monday, September 26, 2016**

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**Chair**

**Mr. Tom Lukiwski**



## Standing Committee on Government Operations and Estimates

Monday, September 26, 2016

•(0830)

[English]

**The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)):** Colleagues, ladies and gentlemen, my name is Tom Lukiwski. I am the chair of the government operations and estimates committee. One of the things that I routinely insist upon is that we start our meetings on time and that we adjourn on time, so even though some of our members are not here yet, I think we'll begin.

Gentlemen, as you are probably aware, the minister responsible for Canada Post has asked this committee to engage in a series of consultations with Canadians from coast to coast to coast on how Canadians view the future of Canada Post. The task force, which was also established by the minister, has come back with their report on the financial viability and the future of Canada Post from that perspective. This perspective is more how Canadians view Canada Post and what they expect from Canada Post in terms of services. This is our first meeting as we go across Canada.

I welcome both of you here today. My understanding is that you have been in consultation with our clerk, and you are prepared to open with five-minute statements. Following that, we will engage in a series of questions and answers with all members of the committee, and we have approximately one hour for our consultation.

On my list, Mr. Tremblay-Pepin, I have you first, and if you would care to deliver your opening statement, then we will go directly to Mr. Ricoul.

Mr. Tremblay-Pepin.

[Translation]

**Mr. Simon Tremblay-Pepin (Professor and Researcher, Institut de recherche et d'informations socio-économiques, As an Individual):** Thank you, Mr. Chair.

I want to thank all the committee members for having me here today.

I spent my weekend reading the task force's report with considerable interest. I will focus on that document, and not on my previous work on Canada Post, because what we are interested in are the proposals it contains.

First, I want to point out what is interesting in the report and the in-depth work that has been done on the Canada Post question. It informs us researchers about Canada Post and contains many proposals and much information on public opinion that I find very interesting.

I will be making my opening remarks under three headings. The first is the convergence issue, which I feel is somewhat absent from the report and on which I would like to comment. Second is the funding of Canada Post, on which I will also make a few comments. Lastly, there is the pension plan.

Starting with convergence, a number of very interesting points have been made on the topic. I am pleased the task force looked at Canada Post's viability and not immediately at its privatization. This is something of a change from my specialty. I have mainly published pieces in which I say that Canada Post should not be privatized. Consequently, I will not be giving my usual spiel since we are not discussing that issue today.

The report outlines certain possibilities such as making Canada Post a community service centre or replacing Service Canada to some extent. It also addresses the possibility of postal banking. The report raises the possibility of an agreement with Caisses Desjardins or with other credit unions elsewhere in Canada.

Services to seniors are also mentioned several times in the report, which dances around the topic but never examines in concrete terms what that might mean. There is also the parcel issue, of course.

I invite you, as legislators, to consider the convergence question. Is it possible to rethink the role of Canada Post today as that of a community service centre? Canada's population is aging. In many rural communities, banks and credit unions are closing, and that inconveniences many fellow citizens. Could we create a space where a number of minor services that people need to a lesser degree, but need nevertheless, could be provided together?

It is strange that these issues are raised in the report but that it does not consider the possibility of funding Canada Post if it were to take on certain responsibilities from the government, such as those of Service Canada. If that were the case, would funding not be granted to Canada Post if its employees began to provide services that are currently delivered by Service Canada? Would that not balance Canada Post's accounts?

If Canada Post began providing home delivery of prescription medication for seniors, would there not be a way to provide funding for that purpose from the provincial health departments? The report states that this has been done in other countries. I remind you that the provincial departments already fund not-for-profit organizations that perform similar services.

Are there no responsibilities that could be assigned to Canada Post? The corporation's employees provide public services and are in contact with the population every day. We know perfectly well they are not public servants because Canada Post is a crown corporation. Why not take advantage of that fact to provide more services rather than think in terms of cuts? This is something we could think about. If it offered services to banks and credit unions, they would obviously be prepared to pay for them. It is possible to consider a financial restructuring for Canada Post, a topic that I believe was quickly removed from the discussion.

I will close with a word about the corporation's pension plan, an issue that is currently being addressed in an odd way. Let us be clear. If Canada Post closed its doors tomorrow morning, we would want it to be able to repay in full all monies from its pension plan. If this committee and Parliament ultimately decided to keep Canada Post alive, why then require that it cut financial resources for an eventuality that will not occur?

●(0835)

It seems to me that Parliament must be able make its decisions and to do what it must to maintain the services that are provided to Canadians.

Thank you.

**The Chair:** Mr. Ricoul, you have the floor.

**Mr. Stéphane Ricoul (President, eCOM MTL inc.):** Thank you, Mr. Chair.

Mr. Tremblay-Pepin's presentation was very good. I am sorry but I must admit I am not as well-prepared as he is. I have not even read the report because I did not receive it. I did not know why I was here until two or three minutes ago, but I am beginning to understand. I will not be using Mr. Tremblay-Pepin's extensive vocabulary, and I do not know how to address you because this is the first time I have been involved in a parliamentary committee. I am nevertheless very pleased to be here.

I represent the e-commerce or digital economy component of Quebec and Canada. I would like to talk to you solely about that component.

I believe Canada Post plays an essential and extremely important role in this area. The digital world is in perpetual motion. Everything is constantly moving more quickly. We talk about accelerating acceleration in our world. When players like Amazon invent delivery in one hour or less, that creates expectations in citizens and consumers.

So people have expectations of Canada Post because the corporation delivers most small parcels. Large parcels are delivered by Purolator, which belongs to Canada Post. The corporation therefore has no choice but to play that role and to provide a service equivalent, or virtually equivalent, to that of Amazon or other such companies. However, I will not go so far as to say that Canada Post should acquire drones because I do not believe in them.

I very briefly took note a little earlier of the recommendations that were made. Community mailboxes were mentioned. That has triggered a debate in Montreal, in particular, with Mayor Coderre.

That debate is more amusing than anything else because I think community mailboxes are extremely important.

The reason is simple. People do not want certain parcels to be left at their door. They would like to have them immediately, but sometimes they are not at home. It would be excellent if there were community mailboxes down the street. However, they would have to be equipped with compartments big enough for parcels. That is one of my recommendations. Since I know about the digital world, I think it would be a good idea for this to be connected to our cell phones so that we could be notified by text message that we have received a parcel and that it was delivered to the community mailbox at a specific time of day.

I think alternate day delivery is fine for letter mail but would pose major problems for parcels. In my view, alternate day parcel delivery is shooting oneself in the foot. It should not be recommended. When people order parcels online, they want them right now. It is impossible for certain businesses to deliver parcels in an hour while others deliver them every other day. I think that makes no sense, and we should especially not go in that direction.

As regards e-commerce, I think the synergies with Purolator are already excellent. The markets are clearly separated. Purolator handles heavy parcels and commerce between businesses, whereas Canada Post deals with light parcels and the business-to-consumer segment.

Now I will talk about advertising sales in the retail sector. I imagine we are talking about advertising on Canada Post's trucks and mailboxes. I think that is already being done. For the past four years, I have been a judge for the Canada Post e-commerce innovation awards competition. I have been a judge for four years, but the competition has been going on for five. Many awards go to Canadian businesses, particularly for free parcel shipping. Every year, the awards range between \$50,000 and \$100,000, which is enormous for a business.

There is also advertising on Canada Post trucks. I think one of the recommendations has already been implemented, at least as a result of the competition. Canada Post provides visibility on its trucks and mailboxes.

The idea of "last-mile" delivery is extremely interesting. I am in favour of Canada Post moving forward with that because when the UPSs and FedExes of the world deliver a parcel to a home but no one is there, that person must travel five kilometers to pick it up.

●(0840)

I will conclude by saying that we are talking about the digital shift right now, and Canada Post Corporation must embrace it. It is making that transition to the digital world—and doing it very well—but now it must do it internally and establish a culture of innovation and a digital culture.

Thank you.

[English]

**The Chair:** *Merci beaucoup.*

We'll now begin with our question and answer section. The first round will be seven minutes for both questions and responses.

We'll start with Monsieur Ayoub.

[Translation]

**Mr. Ramez Ayoub (Thérèse-De Blainville, Lib.):** Thank you, Mr. Chair.

I am going to give my speaking time to Ms. Ratansi. I will speak later.

[English]

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Okay.

Thank you both for being here.

You said you hadn't read the report but you have read the recommendations of the report, which is quite interesting.

In terms of Canada Post, you talked about the task force. The task force was mandated to create a discussion paper. Our job as a committee is to go out and get input. If they had made any recommendations—they could make suggestions—then it would really defeat the purpose. So just to put it on the record, that was their job. Their job was not to tell us what to do. Their job was to advise us: here is what we have seen; Canada Post is not sustainable in its current format. And if it's not sustainable in its current format....

You have made a few suggestions. I think those suggestions are good to explore, because you've given us some ideas. You talked about the hub of services. You must have thought it through. Explain to me in very short terms how you would expect somebody to pay for those services. Are you saying that it should operate like a Service Canada concept, so that the immigration minister, let's say, or the minister responsible for border security, or whichever minister, could probably have their services, such as the passport service probably, provided by Canada Post, the current hubs? Is that what you're suggesting?

• (0845)

**Mr. Simon Tremblay-Pepin:** Exactly, ma'am.

**Ms. Yasmin Ratansi:** Okay.

The second thing you talked about was that Canada Post is not in an environment where it can meet its pension obligation. Are you suggesting that the government take it back and run it under PSAC?

[Translation]

**Mr. Simon Tremblay-Pepin:** There would also be the very simple option of not requiring Canada Post to dispose of necessary assets in order to cover its pension liability immediately if it had to close its doors. That is the requirement you are setting now.

However, you should not impose that requirement, which jeopardizes the corporation's ability to achieve its quarterly financial targets. I really emphasize that aspect. We would obviously like Canada Post to be able to pay its employees once they retire, but you are demanding that the pension plan be balanced and zeroed out in the event the corporation closes down tomorrow morning. I think you can withdraw that obligation. Moreover, that point is considered in the report. It states that that would solve many problems. However, the government must make its decision. That is what I am inviting you to do.

[English]

**Ms. Yasmin Ratansi:** But if the government were to make this decision.... I am an accountant by trade, so I'm doing my debits and credits. As a crown corporation, they were supposed to be profitable. When you have a pension, you have to fund it as well. Is it possible that perhaps they can also look at their labourers' union and negotiate around it? If the pension liability, which is an unfunded liability, were to fall on the government, for example, then would you as a taxpayer be willing to absorb extra taxes?

[Translation]

**Mr. Simon Tremblay-Pepin:** The pension plan is currently in a position to pay those employees who retire. That is the first point that should be emphasized. In that respect, everything is fine for the moment. However, it would not be able to pay all its retirees if it had to shut down today. Consequently, I am telling you you should stop imposing this obligation on the corporation since you do not intend to shut it down.

Since most Canadians say they want the corporation to be maintained—you saw that in the report—I think you should maintain it and not require it to balance its pension plan financially. That does not prevent it from paying its retirees in due course. As a consequence, you do not have to increase taxes.

[English]

**Ms. Yasmin Ratansi:** Fair enough. We'll take that under advisement.

You were talking about service to the elderly. Canada is a huge country. If you look at Britain, the Netherlands, or whatever, they do not have that vast land mass. There is no single solution. When the task force came, they were not saying there is a single solution; they were saying there should be flexibility in the type of service. What is your thought process on seniors, or people with disabilities, for example?

[Translation]

**Mr. Simon Tremblay-Pepin:** I am glad you raised that question. I must say at the outset that this is not one of my research areas. However, I have read around the question in other cases. I will give you my thoughts, but they are thoughts that I am sure you will be able to improve upon.

I think seniors are an interesting question because we have an aging population and because we are in a situation where access to resources for the care of seniors is increasingly difficult to achieve. Several provinces are having problems in this area.

Consider prescription medication, for example. We know it is dangerous for seniors to go and pick up prescription medication at pharmacies, especially in winter. They have to go themselves because they have a prescription. Could there be a system whereby the Canada Post service centre could receive prescription medication and forward it to the individuals concerned the next day instead of having the pharmacy send it through its own delivery system or even by mail? Could that centre not become a community venue where the pharmacy would deliver medication so that people could receive it the next day? The service would be provided quickly and simply, and people would be pleased with it. Provincial departments could decide whether to offer the service to the public and participate in its funding, which moreover they are already doing with not-for-profit organizations.

There you have a way to find other funding sources. That is why I was talking earlier about a section on funding. There are a number of good ideas about how other public or private organizations can take part in the funding of Canada Post, but they are never considered. It seems to me this is an idea that should be explored.

• (0850)

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

[*English*]

Mr. McCauley, go ahead for seven minutes, please.

**Mr. Kelly McCauley (Edmonton West, CPC):** Thank you, gentlemen.

Mr. Ricoul, I really enjoyed a couple of your suggestions, especially the one about the box with the phone link. I don't think we had thought about that before.

I really don't have much for questions. Ms. Ratansi brought up the issue about the taxes, and I think it's an important one. We heard from the committee that the task force did quite extensive polling, and what came back very loud and clear was that people do not wish to pay more, which is understandable.

On the pension thing, you brought up an interesting point. One issue is that if we allow Canada Post to continue a pension holiday and we do not do the same for FedEx, UPS, and other companies competing for them, how do you reconcile that unfair competition you'd be giving Purolator but not the other companies? We require other crown corporations to fulfill the pension rule, so do you suggest that if we give it to Canada Post, we should extend it to everyone else as well? You're obviously very learned on it; I'd like to hear your opinion on that.

**Mr. Simon Tremblay-Pepin:** I wouldn't put Canada Post and Purolator on the same level, and even less so for a pension plan system. It's not the same. I would tell you, though, that you don't have the same obligation from FedEx as from Canada Post.

[*Translation*]

You do not ask FedEx to be the universal postal service in Canada. As a result, you do not have to impose the same requirement on FedEx. FedEx competes with Canada Post in a certain sector, but not in all sectors where Canada Post holds a monopoly.

As for other crown corporations, such as CBC-Radio Canada, for example, you are not dealing with the same situation for the moment.

With regard to the obligation to balance pension plans for immediate payment, let us be clear: I am not telling you not to provide the funding so that people can retire when they retire. We of course want the plan to be balanced. Strictly as regards the possibility of immediately paying back the entire pension plan, I believe that requirement is not consistent with the public organization you have before you. It will be around for a long time. It will not be shutting down tomorrow morning. You are not going to close the CBC or Canada Post tomorrow morning.

[*English*]

**Mr. Kelly McCauley:** It's not a catch-22, but it's a funny situation. Yes, Canada Post is not going to close tomorrow, so we don't have to worry about the long-term pension. One thing of note, though—and it hasn't come up in our discussions—is that the current pension is in surplus, and this is the funny part. It is in surplus only because Canada Post put about \$2.5 billion, present value dollars, into the pension above and beyond normal pension contributions because of the pension requirements that they have to be fully funded should it shut down. If we did not have this long-term rule, Canada Post wouldn't have coughed up that extra \$2.5 billion, and the current pension wouldn't be in surplus. So it's almost a Möbius strip; one would not exist without the other.

**Mr. Simon Tremblay-Pepin:** I am not seeing that, in a situation of major surplus in Postes Canada, when you do the turnaround, Postes Canada will go better. Maybe then you can put back some rules regarding that. If you want it to survive, give it a chance on something that it doesn't need now.

**Mr. Kelly McCauley:** Mr. Ricoul, I have a quick question for you. I appreciate your comments.

One of the things that we've seen obviously is a disruption of our businesses with e-commerce, Amazon, eBay, etc. We are wondering, do you see something like that? We mentioned drones, etc., perhaps five years down the road. We have these massive disrupters, such as Uber, which is getting into delivery now, wiping out this potentially huge increase in projected revenue for Purolator.

• (0855)

[*Translation*]

**Mr. Stéphane Ricoul:** That is why I emphasized and said that Canada Post should adopt a culture of innovation or a digital culture. One of the projects we are currently working on—I do not know where it stands—is in association with Canada Post and the Government of Quebec. We are creating, in a free zone, a distribution centre for all online orders. It is this kind of innovation that would set Canada Post apart in the public's mind and ensure its survival in the face of the Ubers of this world.

Every disruptive technology causes seismic change in our society. Seismic change is initially very broad in scope. It subsequently declines but takes an extremely strong turn toward the social and the individual. If Canada Post does not reinvent itself or strive for public popularity, at some point an Uber will appear and hurt it very badly. Canada Post needs to innovate extensively. That is why I go back to the importance of delivery every day, at a minimum, if not twice a day.

I do not know whether you are familiar with Relais Colis in France. Relais Colis is an enormous business today. Its operating principle is that, when you order online, you can decide to have your item delivered through it. The beauty of this arrangement is that Relais Colis takes the parcel to a store, to a merchant near you. The company was created because France's postal authority was always on strike and could no longer guarantee parcel delivery. People became fed up with that and made it known, and a company called Relais Colis was born.

If Canada Post delivers parcels every other day, that will not work in the e-business world. It is incompatible. There will be a rebellion, and the rebellion will result in the creation of a delivery Uber or a Relais Colis. Parcel delivery is growing at Canada Post. After discussing the matter with René Desmarais, I think that is where Canada Post's potential growth lies, but it will decline if Relais Colis establishes itself here.

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

Ms. Trudel, you have the floor.

**Ms. Karine Trudel (Jonquière, NDP):** Thank you very much, Mr. Chair.

Gentlemen, I appreciate your comments and thank you for sharing your ideas with us.

Mr. Tremblay-Pepin, I especially appreciated the fact that you could clarify the pension issue, which moreover was in the news this summer. You have helped us understand that, if Canada Post were to shut down, the pension plan would be in a deficit position. Thank you for explaining that to us. It will help the committee make better decisions.

Let us talk about economic issues. I know you have read the entire task force report. I put the question to the task force representatives we met in Ottawa last week. I wanted to know why they had included the 2011 year in the average in their report. I would like to hear your view on that. I thought that was unfair because 2011 was an atypical year. There was a lock-out and a pay equity settlement.

I would like to hear what you have to say as a researcher and economist. Do you think it is fair to have used the 2011 year?

**Mr. Simon Tremblay-Pepin:** I was surprised too. It is quite common to average the last five years, but, yes, you are right to say this is an exceptional situation. It is different from all previous years in that respect. I would remind you that Canada Post has been profitable in virtually every year of its existence, except in recent years.

That definitely creates a strange impression, but it is interesting to include it in the average because it takes into account exceptional situations. They are not claiming that everything is fine, that there are no problems. I quite agree with the committee that it is important that Canada Post make changes to its structure and to the way it delivers its services. I find what Mr. Ricoul is proposing very interesting. The corporation must adapt in order to become a major player in the parcel sector.

Are we talking about community mailboxes? We have seen that it is difficult to implement that in the major cities.

In France, for example, there is space in the metro stations where people can go and pick up parcels. They get notifications on their phones. This is a very promising possibility that Canada Post could develop if it entered into agreements with metro representatives.

I mention metro stations because we are in Montreal, but this could be done in a host of other urban spaces that people frequently pass through. They would be able to pick up a parcel coming back from the office in the evening and take it home. The parcel would thus not be waiting on their doorstep.

In addition, people would no longer have to go to the post office during business hours to pick up their parcels, and so on. It is entirely possible to develop new options, but you have to be aware—and these are indeed figures that we must deal with—that there are more and more addresses but fewer and fewer letters. I think your task force stated that very clearly.

Now, what do we do? This is not a death sentence. This will not destroy Canada Post. In any case, as you can see, it is still profitable for the moment. The question is the form in which it is maintained and what purpose it serves.

● (0900)

**Ms. Karine Trudel:** Mr. Ricoul, earlier you said we could already track our parcels while they were being delivered but that digital service could really be improved.

You also discussed mailboxes. Canada Post invested a great deal of money in the mail delivery, as volumes were declining, instead of in parcel delivery. That may be poor planning on its part. As you said, in the era of the Ubers of this world, perhaps it should have invested more in its parcel infrastructure. You have suggested a number of viable options.

I am an e-commerce neophyte. I would like to have more information on what Canada Post should do in order to move on to digital version 2.0.

**Mr. Stéphane Ricoul:** Canada Post is basically a large conventional business. Consequently, it may not be easy to make it evolve. It must engage in a digital strategy exercise. It must digitize its current strategy, which constitutes its DNA, as well as its direction, vision, mission, and so on. By proceeding with that digitization, you will see where its weaknesses lie, what aspects Canada Post must address on a priority basis in order to become an innovative business.

It has no choice but to become such a business, for two reasons: first, it must improve its financial performance and regain market control, and, second, it has to achieve public popularity. Canada Post is a government-owned corporation. It has to be popular and offer service to the public.

Look at how our world is evolving today. All of us, without exception, are going digital. Stores are closing because people buy online. That is their first impulse. Canada Post must be part of that movement. However, the only way to do that is to take a step back and look at the eight dimensions of a business: governance, talent, technology, finance, and so on. The task is to determine, for each of those dimensions, whether you should digitize it and how mature the business is.

Do we have a high degree of digital maturity, in which case that is perfect and we can capitalize on that fact, or are we in a weak position? In the latter case, we must then become more digitally mature.

As it engages in this exercise, Canada Post will acquire what I earlier called an innovation culture or digital culture. Then it will no longer have to fear the arrival of the Ubers of this world, drones, and so on. It will be able to get ahead of them. I jokingly said that the connected mailbox was a good thing. Canada Post already sends text messages when parcels are received and delivered. However, a connected mailbox is even more glamorous. That may not seem like much, but I think it has to move toward that. Canada Post needs to do that.

• (0905)

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

Mr. Ayoub, you have the floor.

**Mr. Ramez Ayoub:** Thank you, Mr. Chair.

Thanks to both witnesses for being here today. This is an extremely interesting subject that we have been talking about for several years now. The transformation of Canada Post has drawn a lot of suggestions and reactions.

I would like to get Mr. Tremblay-Pepin's opinion. It is often said that this is a state-owned business, and thus a business that provides a standard national service. The public takes that service for granted.

Does that service have to remain profitable in future, or should the business be subsidized as a public service? Regardless of the direction it takes, whether or not it is digital, do you think we necessarily have to make a choice between the two options or can we combine them?

**Mr. Simon Tremblay-Pepin:** I think the answers I gave earlier will lead you in a way to reward the one I will suggest to you now.

I think Canada Post can enter into agreements with various levels of government in Canada to provide other services than those it currently offers. Yes, the government should fund Canada Post in that case, but it would be to provide services that are not provided elsewhere. That would achieve a balance in public finances that I think would be good. In a way, Canada Post would be making an offer of service to the government respecting certain services. I think that is a promising prospect.

The asset that the government owns thanks to Canada Post comprises service centres across the country and employees who meet the public every day. I think it would be a strange idea to abandon that asset. Instead we should maximize its efficiency. Canada Post can help us with the digital shift. However, there are still a lot of very material things in our lives, and I think Canada Post can help us precisely in the area of those material objects.

**Mr. Ramez Ayoub:** I wonder why we are told that letter carriers come and see us every day, when, according to the report, only 32% of the population currently receives home delivery.

Some regions of Canada have recently lost home delivery service. There has been a lot of talk about the issue as a result of public

opinion and the media effect. I am not talking about Montreal, where there have been some stunning developments.

In reality, approximately 70% of the population do not receive their mail at home. The connection between letter carriers and the public is far from a reality for the entire population as people think. That is not the case.

**Mr. Simon Tremblay-Pepin:** In areas where there are community mailboxes, letter carriers nevertheless come very close to people's homes. What you are asking me is whether community mailboxes are a good option. I would say that depends on the circumstances.

In the suburbs, where, in any case, everyone has a car and there is space for a community mailbox, they can work very well. In a large city such as Montreal, there are considerations of space, traffic, and access, for example. Someone nevertheless approaches your house, particularly in the case of a special request. The case of parcels is a good example of this because community mailboxes are indeed not all built to accommodate parcels, a fact that poses a number of problems. It is possible for a letter carrier to go to a person's home because, in any case, he is in the area. It seems to me this is something that might be a good idea to exploit, from a public service standpoint. We should not view this as simply having a postal organization, but rather look at it from the standpoint of the government and legislators. We have to ask ourselves what we are doing with our asset and how to maximize its cost-effectiveness and profitability.

• (0910)

**Mr. Ramez Ayoub:** I would like to draw a parallel with another public service from the era when the telephone company had a monopoly. To ensure that the entire area was covered by telephone lines, competitors had to pay royalties in order to use the network.

Could this kind of model be transposed to Canada Post if the market were ever opened up? It is open to a certain degree for parcels, but I am talking here about mail delivery. Is this something we might consider?

**Mr. Simon Tremblay-Pepin:** Do you really think many businesses will want to deliver the mail? Letter mail delivery service is still provided because it is a public service. However, the service is collapsing. Here is what would happen if the market were opened up to competition. All around the world, in Europe, for example, businesses make their money by distributing promotional and advertising mail at very low prices. They go looking for clients that want to distribute advertising. However, I am not sure Canadians want more advertising in their mailboxes.

**Mr. Ramez Ayoub:** I may agree with you.

Mr. Ricoul, you said we should not even consider alternate day delivery. You were talking about parcels in particular. I can understand; the growth is there.



I am going to make a personal and not very scientific comment. In the past few years, I have been served by a community mailbox. I obviously do not go to the community mailbox every day. I go once a week or even every two weeks when I expect to receive bills. We already receive bills via email. Correspondence and parcels could probably be delivered once or twice a week. There could also be service points. So I am very open to this kind of initiative.

**Mr. Stéphane Ricoul:** When I spoke about Relais Colis, that is what I was referring to.

[English]

**The Chair:** Sorry, it has to be a very brief answer.

[Translation]

**Mr. Stéphane Ricoul:** A fourth revolution is under way. If Canada Post does not join that revolution, it will die. It is that simple. Or else citizens will subsidize it with their taxes, but that is not the objective. If we do not want Canada Post to disappear, it must join the fourth revolution, which simply means it must adapt to today's consumer reality, which is digital. I am not saying that because I work for eCOM MTL. That is the reality.

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

[English]

We'll now go into a five-minute round of questions and answers.

[Translation]

Mr. Gourde, you have the floor.

**Mr. Jacques Gourde (Lévis—Lotbinière, CPC):** Thank you, Mr. Chair.

My question concerns consumer services.

I live in a rural area. The people in my region often tell me the problem is that the post office is open only from 9:00 a.m. to 4:00 p.m. People need services. They work and they drop their children off at the day care centre at 7:30 in the morning and get home at 5:30 in the evening. In fact, they are able to go to the post office only on the days when they are sick.

Canada Post has lost a certain amount of trust, and consumers are trying other ways to receive their mail. They are turning to the private sector. This is often said, but we are not the ones who decide. It would probably be easier to have post offices open from 3:00 p.m. to 8:00 p.m. from time to time in order to have that contact with consumers. In that way, post offices could provide more services. The consumers who might need those services are not those 55 years of age and over, but rather those who are 30 to 55 years old and who keep the economy running. So even if we added other services and offices, they would not be able to get there.

What do you think about that?

**Mr. Simon Tremblay-Pepin:** I entirely agree with you.

A moratorium has been issued to keep post offices open in the rural regions, which is a good idea. The services and business hours of those offices have been gradually reduced because they were not cost-effective. They are now staffed by a single person from 9:00a.m. to 5:00 p.m., which are normal business hours, so they will cost less. This is the logic of declining services.

If services are cut, people will think that, since they are not getting services at that location, they will not go there any more. What will that lead to? Further service cuts. This is a vicious circle that leads to the end of Canada Post.

I am going to make a proposal that will have the opposite effect.

People in the rural regions complain all the time that the caisse populaire is going to close; that is what you constantly read in the newspapers. If the post offices provided new services, and if business hours were extended, people would get into the habit of going there. You could make the connection with the caisse populaire for many seniors who want personal service. Could a post office be turned into a rallying point? There could still be a single employee, but that employee would be given better hours, as you suggested. Post offices would be open longer, and people would have access to more services and would be more inclined to go there.

The report refers to major infrastructure costs. There are offices at many locations in Canada. Perhaps it would be a good idea to maximize those costs by providing more services at those offices. We must not abandon those offices or let in the competition.

I come from Causapsca. What will the competition offer in the way of a post office in Causapsca? It will offer nothing; it will simply shut it down.

• (0915)

**Mr. Jacques Gourde:** Mr. Ricoul, what do you think about that?

**Mr. Stéphane Ricoul:** If we look at what is going on in retail, the amount of floor space in stores is only declining in order to generate economies of scale, and services are increasing as a result so that the number of square feet can be reduced. I do not understand why Canada Post would not do the same thing. I am not opposed to the idea that Mr. Tremblay-Pepin suggested, but I do not understand why Canada Post would not do the same thing. Canada Post already has many service points. I believe it has more service points than any other business in Canada.

First, I think the number of service points should not be increased. Second, that number should be reduced, somewhat as Desjardins has done by merging its caisses. Desjardins has reduced its number of service points across Quebec. I heard someone complain about that. I do not see why Canada Post would not promote that kind of saving, but, in return, it will have to provide other services. Desjardins has closed or merged caisses but has since offered a cellphone-based cheque deposit system. Could Canada Post consider offering digital services so that people living in remote regions would not be deprived of adequate service any more than necessary? That is my vision.

I forget exactly what your question was.

**Mr. Jacques Gourde:** I will get back to it, but I am going to ask you another one.

**Mr. Stéphane Ricoul:** All right.

**Mr. Jacques Gourde:** You talked at length about competition, but what is the rush for Canada Post? You talked a lot about parcels and digital; is Canada Post a dinosaur compared to private businesses currently trying to break into the market? Is Canada Post really becoming more aware so it can accelerate matters? Will it move fast enough to resist the competition?

**Mr. Stéphane Ricoul:** There are two parts to your question. No, Canada Post is not a dinosaur.

[English]

**The Chair:** We have no time. Perhaps you can incorporate that into your next answer.

Colleagues, the next questioner will be Mr. Whalen. After Mr. Whalen's intervention, I think we'll close down this section of our consultations. Everyone at the committee table will have had an opportunity for at least one intervention. We will take a few moments to suspend while we get our next witnesses up here. We have a very tight schedule, unfortunately, and we have to make sure that we're in Blainville in time for this afternoon's session.

Madam Ratansi.

**Ms. Yasmin Ratansi:** Could we ask the two gentlemen if they have any additional input?

We would love to hear from you, whatever you have not been able to say here.

**The Chair:** Absolutely. It would be part of my closing comments, but thank you for that. We might as well do it now.

We would love to see any additional information you may have, or any submissions you wish to bring to the attention of this committee.

Monsieur Whalen.

**Mr. Nick Whalen (St. John's East, Lib.):** Thank you very much, Mr. Chair.

[Translation]

Thanks to the witnesses for being here.

Like Mr. Gourde, I have a lot of questions about the

[English]

pace of change that Canada Post needs to go through.

Monsieur Ricoul and Monsieur Tremblay-Pepin, I wonder if you could elaborate on the pace of change within the marketplace, particularly as it relates to rural Canadians accessing the digital marketplace and services online. Most rural communities don't have very good Internet access. Is that a way Canada Post could help?

In addition, what types of services could rural businesses receive from Canada Post to allow them to better access markets themselves through their distribution channels? That may be a little bit like Canada Post being an Amazon for business-to-business services. Maybe you could comment on that for us.

• (0920)

[Translation]

**Mr. Stéphane Ricoul:** The technological infrastructure in the remote or rural regions does not permit high-speed Internet access,

which vastly limits e-business opportunities for people in those regions who do not have Internet access or who only have access to a limited Internet network. However, the Government of Quebec—and, I hope, that of Canada, as well, but I know less about that—is currently working on a digital strategy. The number one priority is to provide the remote regions with the technological infrastructure that would permit data flows of up to 20 megabits per second.

If that is what is coming in, say, two years, Canada Post will have to be ready. A great deal of work must be done in order to get there because there is no inclination in the remote regions to associate Canada Post with parcel delivery. However, one of the figures I am missing, and it may appear in the report, is Canada Post's revenue share in urban as opposed to rural areas. I would like to get that figure.

**Mr. Nick Whalen:** I do not know the respective amounts, but I believe that 15% of households are in the rural regions compared to 85% in the urban centres.

**Mr. Stéphane Ricoul:** I see. That partly answers the question.

The second part of your question concerned what Canada Post could offer citizens in remote regions. Is that correct?

**Mr. Nick Whalen:** Yes, especially that.

[English]

to businesses; what types of services could they offer to businesses to help businesses access the digital economy?

[Translation]

**Mr. Stéphane Ricoul:** All right.

Businesses in the more remote regions of Quebec and Canada are often businesses that operate in business between businesses, what is called *business to business*, or *B to B*, and very little in the retail sector, *business to consumer*, or *B to C*. The need for those businesses to deliver parcels to consumers is thus less significant. On the other hand, those businesses—and here we are looking at Purolator—generally require a lot of deliveries as well, but deliveries of larger parcels. This is really *B to B* mode, business to business. In those circumstances, Canada Post or Purolator has to go after the market share that they are currently leaving for the competition. From an economic standpoint, the *B to B* component is the unseen part of the iceberg. The *B to C* that everyone talks about is the visible tip of the iceberg, but it is much smaller than *B to B*. The money is in *B to B*.

**Mr. Nick Whalen:** Mr. Tremblay-Pepin, do you have anything to add?

**Mr. Simon Tremblay-Pepin:** Since this is Mr. Ricoul's area of specialization, I do not have much to add apart from the fact that, yes, of course, 15% may look like a small part of the Canadian population. However, it is a significant part. Remember, first of all, that Canada Post's mandate is universal, that is to say that it covers all of Canada. Consequently, all citizens are important and must be served. Second, note too that, although e-commerce is on the rise, it currently represents only 10% of purchases. So, from a logical standpoint, if 15% of the population is not a significant percentage, 10% of purchases might not be either. In short, every part of this issue has to be put into perspective.

[English]

**Mr. Nick Whalen:** My final question would be this. You've both been very optimistic about the future of Canada Post, which I think is great, because we're looking for solutions. When we look at the types of new services, be it hubs or digital infrastructure, *l'économie numérique*, is Canada Post the right entity to deliver them? It seems as if the current workforce within Canada Post wouldn't necessarily be a workforce that is conditioned to provide these services. It seems as if it would be a whole new company if we were to go in this new direction. Is it better to start fresh, or can Canada Post adapt?

**The Chair:** I'd encourage you to please do that quickly, if possible, 30 seconds each.

[Translation]

**Mr. Simon Tremblay-Pepin:** It seems obvious to me that Canada Post can adapt to the situation. The workforce is skilled. It is a workforce that has been in place for a long time and that likes its employer. It seems to me something can be done with that workforce.

**Mr. Stéphane Ricoul:** That will be very difficult.

Going back to the fact that Canada Post is a traditional business, a leadership issue arises when you switch to digital: individual leadership and organizational leadership. Canada Post must look inward and determine from an individual leadership standpoint whether each of its individuals is prepared to face the digital shift. This will be very complicated. A lot of exercises will have to be conducted, in my view. This is not an issue to be taken lightly, since 70% of digital shift projects fail because people forget about individual leadership. The question is very relevant in that respect.

Are Canada Post's employees indeed ready at the present time? I cannot answer that question. There are exercises that that must be conducted in connection with that.

• (0925)

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

[English]

Gentlemen, thank you very much for your presence here today. You've both been extremely informative, and you've helped us a great deal.

As I mentioned earlier, if you have any additional submissions that you would like to bring to the attention of this committee, you can submit them directly to our clerk, please.

**Mr. Nick Whalen:** Mr. Chair, I would like to know whether the witnesses would be prepared to accept further written questions from us.

**A voice:** Yes. No problem.

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

We will suspend for two or three minutes while we get the table ready for our next witnesses.

• (0925)

(Pause)

• (0930)

**The Chair:** We will begin now.

We have five witnesses before us, representing four organizations.

Gentlemen, I know you've been briefed in advance, but we would ask that you keep your opening statements to five minutes or less, if possible. We have only an hour for this portion of our consultations this morning, so if you can keep it to five minutes that will give us approximately 40 minutes for Qs and As.

Colleagues on the committee, because of that I think we'll go with the same procedure we had for our first batch of intervenors, where everyone will have an opportunity for one question and answer portion.

Monsieur Perez, from the City of Montreal, I have you first on my list for your five-minute opening statement, please.

[Translation]

**Mr. Lionel Perez (City Councillor, Member of the Executive Committee, City of Montreal):** Thank you, Mr. Chair. Thank you, committee members, for welcoming me here this morning.

My name is Lionel Perez. I am an elected city councillor and a member of the executive committee of the City of Montreal, and I am responsible for governmental relations. I am here to represent the city on behalf of Denis Coderre.

First of all, we hail the Government of Canada's initiative in conducting an independent review of Canada Post and hearing what its partners have to say on the corporation's future. The city believes this kind of consultation should have been conducted before every major change made by Canada Post. This process is essential to ensuring that Canadians obtain high-quality postal services consistent with their living environment and to actually meeting their needs.

Since our presentation is very short, please note that you will find more information on the City of Montreal's issues and demands in the brief we are submitting today. Appended to that brief you will also find the full brief that I submitted on behalf of the city to the task force charged with examining Canada Post in Gatineau on June 16 last.

[English]

The objective of our testimony before the commission is to highlight the critical issues that are specific to large cities such as Montreal, and to reiterate the importance of home delivery, particularly in highly dense urban areas.

The first point is the total lack of any serious prior consultation or any real collaboration that we've encountered with Canada Post. Prior to and following the Canada Post announcement in December of 2013 about their five-point action plan, Canada Post had repeatedly acted unilaterally without any real consultation with cities.

Accordingly, the city conducted its own public consultation in 2015, where Canada Post was invited and was present, and the conclusions were overwhelming: 95% of all the briefs that were submitted were opposed to the measures in the five-point plan.

[Translation]

In winter 2015, as a result of the lack of consultation on the many problems associated with the measures taken by Canada Post, the city joined the lawsuit brought by the Canadian Union of Postal Workers. Montreal is of the view that, in its proceedings, the parliamentary committee must consider the will of the public and of Canada Post's customers.

[English]

To illustrate one of my points, here is a true example of something that happened in Montreal with Canada Post. In the borough of Rosemont—La Petite-Patrie, in the spring of 2016, while there was supposedly this moratorium, Canada Post attempted to install a community box on a portion of 2nd Avenue. For several weeks, with the lack of adequate home delivery service, citizens had to pick up their mail more than five kilometres from their home. Hours of service were limited, and this distance of travel created much frustration to the city.

This is just one example that is indicative of the cavalier attitude of Canada Post that Montreal has had to deal with.

The second issue we would like to highlight is the numerous difficulties in attempting to install community boxes in highly dense urban areas in many parts of Montreal. Montreal has a population of more than 1.8 million, and 50% of the population lives in greater urban areas. This is a trend that will continue to increase for the next 25 to 40 years, when 70% of the Canadian population will live in urban areas.

[Translation]

In addition to that, we also have an aging population—more than 300,000 persons, 16% of the population of Montreal. In addition to that, there are persons with disabilities aged 15 years of age and over. According to Quebec's survey on activity limitations, there are 594,000 such individuals in the Montreal area.

• (0935)

[English]

Collectively, these most vulnerable are directly affected by the reform of postal service. They need accessible service and home delivery.

We know that the presence of community mailboxes is sometimes impossible due to lack of space, or is likely to have a significant impact on the traffic, on the parking, or even on the sense of safety of our citizens.

The situation of le Sud-Ouest in 2015 was widely circulated in the media. A series of community boxes—we're talking about a wall of community boxes—was installed, and without any prior consultation. Immediately there were problems with graffiti, with maintenance, and with universal accessibility.

We call upon the members of the commission to be vigilant and to ensure that the mistakes of the not-too-distant past are not repeated. It should also be noted that the working group itself reported the importance of carrying out more in-depth studies, further analysis, and consultation in order to determine the viability of proposals specifically.

I will refer you to our five recommendations in our memo. I'd like to highlight one of the elements, the fact that there is a necessity for Canada Post to work in strict collaboration with municipalities to respect our urban regulations and to ensure that essential services are afforded to citizens.

To conclude, the independent review of Canada Post Corporation is a unique opportunity to turn the tide and correct the problems caused by the lack of consultation and implementation of Canada Post's five-point plan. The work of the committee must produce tangible results.

[Translation]

It is essential that the municipalities be recognized as near governments and essential partners that must be consulted in advance of any intervention that may have an impact on their territory. The City of Montreal wishes to work together with the members of this committee to promote the implementation of these recommendations.

Thank you for your attention.

[English]

**The Chair:** Thank you.

I would again encourage all intervenors to try to keep the comments to five minutes or less to allow our committee members a chance to engage in a dialogue with you.

[Translation]

Mr. Demers, you have five minutes.

**Mr. Marc Demers (Mayor, City of Laval):** I want to thank the committee for allowing us to express the opinion of the citizens of Laval.

I am accompanied by Martin Gratton, who works in the urban development department and who negotiated with Canada Post as part of this new program.

We have been faced with an unacceptable unilateral decision by Canada Post to abandon home mail delivery. I note in passing that some 600 jobs have been lost in Laval.

Furthermore, from the moment the administrative decision to abandon home mail delivery was implemented, municipal councillors and the administration of the City of Laval encountered a failure to listen and cooperate on the part of Canada Post, even though the municipal council passed a resolution in October 2014 expressing our willingness to cooperate with the corporation based on informed, reciprocal exchanges. That resolution remained a dead letter and the exchange has remained a one-way affair.

In view of the general outcry from our citizens, we had virtually no choice but to turn to the courts. A negotiated solution would have allowed us to consider friendlier arrangements that would have both met Canada Post's cost-effectiveness objectives and helped to provide the delivery services that all Canadian citizens are entitled to expect.

In addition to that aspect, it would also have helped to avoid safety problems and to reduce the anxiety actually experienced by our elderly and disabled citizens residing in the old neighbourhoods of Laval. Canada Post's decision resulted in an anarchic installation of mailboxes, and location selection absolutely failed to reflect certain existing urban realities. We would have liked the corporation to be more conciliatory, more humane in the way it achieves its objectives.

What do we want, in addition to a radical change in philosophy and approach to its clientele?

To put it plainly, we want a return to home delivery in the old, more densely populated neighbourhoods of Laval. We believe this service should be maintained because it more directly concerns seniors and persons with reduced mobility. We therefore ask that all community mailboxes be removed from those old neighbourhoods.

In the newer neighbourhoods, we want Canada Post to conduct a systematic review of each of the mailbox installations in close cooperation with our officials to ensure they meet safety and traffic flow criteria. In cases where a situation poses a problem, those boxes should be reinstalled elsewhere with the consent of the city's services. Canada Post must also restore the venues where the mailboxes thus moved were located.

Fourth, for all new developments in Laval, future installations of community mailboxes will have to be validated by means of a clear and rigorous process in which our municipal services are consulted to ensure that the mailboxes are consistent with the municipal regulatory framework. We want Canada Post to address this matter as a good, environmentally concerned citizen by including paper recycling boxes in these mailbox installations.

Many of our fellow citizens in new neighbourhoods are adjusting very well to the mailboxes. The configuration of these new installations obviously assists in that respect. That is not the case in the old, more densely populated neighbourhoods, and that fact must be taken into account.

In closing, I repeat that we entirely understand that postal service must meet cost-effectiveness and efficiency criteria.

Mr. Chair and ladies and gentlemen, thank you for listening to us. We are prepared to answer your questions.

• (0940)

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

[English]

I thank you for your economy of words, sir.

[Translation]

Mr. Lapointe, you have the floor for five minutes.

**Mr. Sylvain Lapointe (National Director, Metro-Montréal, Canadian Union of Postal Workers):** Good morning.

My name is Sylvain Lapointe, and I am a member of the national executive committee of the Canadian Union of Postal Workers. I was also chief negotiator in the last bargaining round that has just been completed. We are now preparing to go and see our members in order to ratify the two collective agreements, for the urban unit and the rural unit.

I would like to take a closer look at various topics but will limit myself to the question of Canada Post's finances. I believe there are important things that you should know about in connection with what was negotiated in the last bargaining round.

Canada Post offers various product lines, the three main ones of which are: Lettermail, parcels and Admail, which is unaddressed mail.

To be clear, letter mail volumes are declining at a steady rate of 4% to 5%. We do not know whether they will stabilize—they probably will—but we know they will not increase.

With regard to growth, that therefore leaves the main sectors: parcels, admail, and other services, including financial and banking services.

I will focus on parcels and admail since they were the focus of major discussions during the last bargaining round. It is unfortunate that the review committee did not have these data in hand before submitting the report to you. The report would probably have been much more optimistic than it currently is.

We have two main demands with respect to parcels. The first is that we address parcels and plan measures for delivering them in the mornings, in the evenings, and on weekends. Our second demand concerns admail—its weight and dimensions—so that we can increase market share.

In the case of parcels, Canada Post wanted to be able to use a temporary part-time workforce to deliver on weekends, in the evenings, and in the mornings. The union said yes. The union said that, if Canada Post wanted growth, it would be there and part of that effort. It should be noted that the parcels Canada Post currently delivers contain two-thirds of the products ordered online across the country. The measure we negotiated will enable it to grow more.

As for admail, this is a market in which Canada Post holds a very small share. Our demand was that the corporation go after larger and heavier mailings in addition to reviewing the compensation method for that type of mailing. We accepted this second growth model for Canada Post.

We are satisfied that these changes will enable Canada Post to enjoy significant growth in parcels and admail.

Unfortunately, the task force report is based on Canada Post's data and on a study by the Conference Board of Canada that was commissioned and paid for, we would note, by Canada Post. The important thing is to compare the data that were reported at the time concerning Canada Post's future with its actual financial position.

In 2014, Canada Post anticipated an operating loss of \$256 million. In fact, it made a profit of \$299 million. The corporation made an error of more than \$550 million, which is not a small amount. It was a major error. However, the Conference Board and Canada Post data were incorrectly used as a basis for making cuts to postal services and the decision to install the community mailboxes. No reason was given to justify moving in that direction. Growth is the key for Canada Post.

This year, the task force anticipates an operating loss of \$63 million. The reality is that it will probably be an even more profitable year for Canada Post. The first two quarters of the year were the best since 2010, when Canada Post began publishing its quarterly reports.

On behalf of the men and women who work at Canada Post, we ask that you carefully examine the statistics on the budget estimates and consider the corporation's actual financial position. Bear in mind one thing: service cuts do not result in revenue, do not create jobs, and do not keep decent jobs in Canada, that is to say jobs for the middle class. However, new services can afford you that opportunity.

Thank you.

• (0945)

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

Mr. Duguay, you have the floor for five minutes.

**Mr. Alain Duguay (Former President, Canadian Union of Postal Workers, Metro-Montréal, As an Individual):** Good morning. Thank you for inviting us to take part in the proceedings of your parliamentary committee.

Allow me to return to a point I heard made today. It was noted that only 32% of the population receive their mail at home. That figure does not include people who live in apartment buildings. People who receive their mail at the end of their driveway are considered as not receiving home delivery. I personally live in a 14-apartment building and feel I receive my mail at home because I only have to go down to the building entrance to get it.

I am a Canada Post retiree and assisted in the preparation of the brief that was submitted by the Montreal local of the Canadian Union of Postal Workers. I did not print it because I took it for granted that all committee members have access to all information submitted to the subcommittee. However, if you do not have access to it, I will be pleased to send it to you.

The consultation process to date has left me confused. No one had access to all the briefs submitted, unlike in the 2008 process, in which we had access to all filed documents. The City of Montreal conducted a public consultation and we had access to the filed documents. I think it is important that the public be able to read all documents, and I hope committee members had access to them.

I also deplore the fact that the banking services study commissioned by Canada Post has yet to be made public, with the exception of some 100 out of 800 pages, all the rest of which have been redacted.

One also gets the impression that the document that was made public last week was virtually written by Canada Post. If Canada Post had written a report, it would be virtually the same.

The union had discussions with the committee, but, as may be seen from page 39, a number of meetings were held with Canada Post. It is therefore clear that it is Canada Post's vision that has been put forward. In addition, the survey questions are directed. The disaster scenario is presented and people are urged to find solutions in a context of service cuts.

In 2005, the Library of Parliament published a study from which the following paragraph is taken:

According to two consultants, today's postal administrations can either sink, while continuing to complain about declining mail volumes and electronic alternatives in this world of rapid technological change, or swim, by harnessing new technology, forming new business partnerships, and adopting new ways of doing business to create new products and services that will help them boost their performance and their earnings. From this perspective, the financial services option would seem to be the logical way to ensure the Canadian postal system's viability.

In 2005, the Parliament of Canada was already discussing banking services for the future. This is 2016, and we are still headed in that direction. The Americans are also considering the possibility.

The report also states that the public may want these services but that very few people are considering using them. If services are offered at a lower cost, more people will likely be interested in them. ATM charges and banking fees in Canada are among the highest in the world. There is room for a lower-cost market that would help the postal service ensure its continued existence.

One million people in Canada do not have a bank account. It is false to say that everything is going well at Canada Post; its charges are astronomical.

Last week and this week too, several caisses populaires in the region closed their doors. The populations of those regions will therefore have nowhere to go to access banking services.

Several thousands of jobs have already been lost at Canada Post. If no new services are offered and cuts are made to existing services, we will lose between 6,000 and 10,000 jobs.

In addition, certain individuals are proposing alternate day delivery, that is to say delivery on every other day. Canada Post has invested approximately \$2 billion to enable letter carriers to deliver letter mail, parcels, and all special products. If they are delivered only every other day, it will jeopardize that investment. Delivery service for parcels and all special admail products, such as priority post, cannot work in a delivery system spread over several days. Furthermore, if letter mail is delivered on alternate days, the number of doors will be reduced. This will not necessarily improve cost-effectiveness since, given the volume of mail for delivery, Canada Post will have to make deliveries virtually everywhere every other day.

• (0950)

During the election campaign, and even in its mandate letter, the government asked that people in the middle class be considered and allowed to hold decent jobs. There was also the idea of getting closer to the public. I believe postal service is a major issue in this regard.

What we honestly want you to do is consider all possible options. It is important that Canadians have a financially self-sufficient postal service. Past experience confirms that it has been just that. Lastly, by providing new services, we will ensure the continued existence of our postal service.

**The Chair:** Mr. Ayoub, you have seven minutes.

**Mr. Ramez Ayoub:** Mr. Chair, a common message is clearly emerging from the testimony, and that is that there is a lack of communication on the part of Canada Post, at various levels, in the areas of implementation, changes to vision and services, negotiations, and even internal information.

Am I mistaken? I would like to go around the table to hear about the communication situation that witnesses have experienced.

Mr. Perez, you may begin.

**Mr. Lionel Perez:** I would say that it is much more than a lack of communication, that it is really a matter of a cavalier attitude. Communications were merely a matter of form. These people informed us of their decisions after the fact rather than consult us in advance so that we could work together. I will limit myself to that to give the others an opportunity to speak.

**Mr. Marc Demers:** There was indeed a lack of communication. I would remind you that our initial stance was one of cooperation. All the expertise of the City of Laval was made available to Canada Post. I will add that, in my view, there was a lack of vision. Canada Post's first function is to circulate information, somewhat as the purpose of a highway is to circulate vehicles. For a corporation, the ability to circulate information has economic value, and cost-effectiveness is necessary. However, the absence of that service would have a terrible economic and social impact. A lack of communication—

**Mr. Ramez Ayoub:** Mr. Demers, I would ask you to give the others an opportunity to respond. However, I am interested in what you say and would like to come back to it.

Mr. Lapointe, you have the floor.

**Mr. Sylvain Lapointe:** That is unfortunate, but I will go even further. There is literally a disinformation campaign going on among the orders of government with regard to both employees and the public. Canada Post commissioned a study. I honestly believe it is a bogus study, given the figures and forecasts it contains.

2011 was really an unusual year in view of the fact that we are talking about the pay equity file and a single payment to the pension plan. These people expected losses, but there was \$900 million in profits over those five years, with the exception of 2011. All those figures are being put forward to explain cuts that are not financially justifiable. This amounts to manipulation.

2013 is another example. Accounting methods were replaced by international accounting standard IAS 19, but they failed to point out that otherwise there would have been hundreds of millions of dollars in profits. Data is constantly being used to justify cuts rather than to opt for new services.

• (0955)

**Mr. Ramez Ayoub:** I apologize for rushing you a little, but I want to move on to other questions.

Mr. Duguay, please go ahead.

**Mr. Alain Duguay:** Social peace reigned at Canada Post for 14 years. There were no labour disputes and everything went quite well. However, Canada Post's position has hardened since 2010, and workers have suffered from that hardened attitude. Unfortunately, in recent years, we have seen the same intransigent attitude directed

toward municipalities and the public at large. In other words, Canada Post makes decisions and acts without any consideration for what people think.

**Mr. Ramez Ayoub:** Thank you.

Mr. Demers, Canada Post's delivery of a high-quality national service is a matter of concern to me. You talked about cost-effectiveness and service quality.

In your view, is it important for Canada Post's service to be subsidized?

I do not want to reanalyze the figures. We can let the experts talk about that subject and determine whether Canada Post needs revenue in order to be profitable.

Supposing it posts an operating loss, do you feel that service is essential?

**Mr. Marc Demers:** I think it is an essential service. There is the commercial aspect and so on.

A large segment of the population does not have Internet access. For some, that is due to technical factors, whereas, for others, it is for reasons of knowledge or interest. The population is aging across the country, particularly in Laval. Our city consists of 14 former municipalities, several of which are rural developments. They do not have sidewalks yet. If people do not have home delivery service, they will be unable to communicate with their suppliers and members of their families. As an organized corporation, there is an obligation to maintain this service, not to mention the safety and economic aspects.

**Mr. Ramez Ayoub:** Whether or not that service operates at a loss?

**Mr. Marc Demers:** The government must make decisions. It must evaluate the service's overall impact, and that may be more than what appears in a column of Canada Post figures.

**Mr. Lionel Perez:** It is important to emphasize that Canada Post currently has an obligation to fund itself. You talk about subsidies. That in fact is not an issue. It is true that the business model will evolve, and it is actually doing that. In the present circumstances, I do not think Canada Post needs subsidies at all cost.

**Mr. Ramez Ayoub:** That can be translated into subsidies or increased rates. We received a report that cited increased rates.

**Mr. Lionel Perez:** Absolutely.

**Mr. Ramez Ayoub:** I think that is a major difference. Whether it comes from the government or from citizens, it ultimately comes out of the same pocket.

**Mr. Lionel Perez:** It is a service. Even if it is privatized, it will come out of the taxpayer's pocket. It has to be acknowledged that this is an essential service. We share the City of Laval's opinion on that point. We think there are changes to be made. Canada Post must continue to fund itself and find a way to do that. It currently has an obligation under this legislative framework to provide universal service in rural and urban areas. We say that Canada Post must meet its obligations.

[English]

**The Chair:** Mr. McCauley.

**Mr. Kelly McCauley:** Gentlemen, thank you for being here today. I appreciate your feedback and your input.

Mr. Demers and Mr. Perez, we've heard at length about the lack of consultation. In our meetings with Canada Post last week they acknowledged as much, and appear to be committing to consulting more with the communities.

If this does come about, will you be open to revisiting the issue? What would you need to revisit the issue of community mailboxes, if we go down the path as has been noted in the task force?

• (1000)

**Mr. Lionel Perez:** I'm happy to hear that they say they want to consult more, but last year, or the last two years, they said that they were consulting more, or that they were consulting sufficiently.

**Mr. Kelly McCauley:** Yes, but going forward—

**Mr. Lionel Perez:** I understand. Going forward, we think that not only should they have to but there should be, in fact, a legislative requirement for them to have to consult with municipalities and other communities to be able to act.

That doesn't alleviate all the other issues of implementing community mailboxes in largely dense urban areas. There are issues of safety, universal accessibility, and maintenance. All these issues are part and parcel of some of the obstacles to implement them in Old Montreal on Saint-Denis Street. These things are not feasible. The roadwork, the public domain, were not built with such elements

**Mr. Kelly McCauley:** And 300 years ago, I don't think we looked at it.

**Mr. Lionel Perez:** Next year Montreal will be 375.

**Voices:** Oh, oh!

**Mr. Kelly McCauley:** Yes.

[Translation]

**Mr. Marc Demers:** In 2016, social licence is increasingly a mandatory precondition for any change in society, the municipalities, and the various levels of government. Communication is essential. The wall-to-wall solution is no solution. Solutions must be adapted to the characteristics of the various sectors and to the needs of the public. That has not been done in the case of Canada Post, whereas our primary intention was to cooperate. We assigned a person to the Canada Post file on virtually a full-time basis—even more—without receiving any benefit for the municipality. We covered those costs strictly in order to serve the public well.

I would remind you that this was an election issue in our region. The elected members of the current federal government undertook to review and maintain home delivery in a number of areas. This is a concern for citizens. Canada Post is a representative of the federal government in the minds of a large segment of the population.

[English]

**Mr. Kelly McCauley:** Going forward, say that we do reset the relationship. Do you see a way forward that you can get back to negotiating in good faith with Canada Post, and working with them in good faith to perhaps address some of these issues?

**Mr. Lionel Perez:** We've always indicated as Montreal that we're ready to discuss and we're ready to look at the different options. This is something that we had suggested.

In July 2014 the mayor of Montreal met with the CEO of Canada Post. I was with him, and there was a clear commitment to continue with consultations. We said we were ready to discuss. It doesn't mean that it's a blank cheque. Obviously we have to respect our regulations, we have to respect our jurisdiction. We understand that Canada Post also has a very clear mandate. To the extent that we can in fact have an agreement on how to proceed, then everybody will be the wiser and the happier. The question is, when there is that conflict and when there is that disagreement, then what?

I find some of the proposals by the working group very interesting in terms of governance and in terms of a public regulator to oversee some of those aspects. That's something that for us, in a certain sense, is a disavowal as to how Canada Post has in fact acted in the past, and it's to really set the matter straight.

**Mr. Kelly McCauley:** Thanks, gentlemen.

Mr. Lapointe, your numbers were different from Canada Post's for financials by about half a billion dollars. Did I hear that correctly?

**Mr. Sylvain Lapointe:** I'd just like to say that they are not my numbers.

**Mr. Kelly McCauley:** No, sorry; they're the ones you commented on.

**Mr. Sylvain Lapointe:** They are the actual results from the 2014 financial report of Canada Post. In what they estimated would be the deficit for 2014 versus what they actually accomplished, there is a difference of \$550 million, yes.

**Mr. Kelly McCauley:** You looked at the numbers of the task force going forward to 2026?

**Mr. Sylvain Lapointe:** Yes, and it starts on the premise that this year we'll have a deficit of about \$63 million. If you look at the real numbers this year for the first two quarters, Canada Post has made \$45 million, the two best quarters since they started reporting quarterly reports in 2010. This year promises to be a very profitable year for Canada Post seeing as the biggest season is ahead. It's in the Christmas season, with the parcel rates, that they make their big profits of the year. So you could expect—

• (1005)

**Mr. Kelly McCauley:** I was just trying to wrap my head around where the \$500 million came from, but you've answered that.

**Mr. Sylvain Lapointe:** Yes. Look at the Conference Board report and the actual results of Canada Post, look at the predictions, and match those numbers throughout the years. Over five years it's a difference of \$1.3 billion that they underestimated in their finances to justify the CMBs, the community mailboxes.

**Mr. Kelly McCauley:** You answered my question. Thanks.

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

[Translation]

Ms. Trudel, you have seven minutes.



**Ms. Karine Trudel:** Thank you, Mr. Chair.

Mr. Lapointe, thank you for your very interesting presentation.

The facts suggest that there has been a lack of communication, that service to the public is important, and that the municipalities must be recognized. I believe it is really important to take all that into consideration.

You focused mainly on the financial aspect of Canada Post. That is of great interest to me, and we see it in the task force's report. Earlier you noted that the union had agreed to morning and evening delivery during the latest negotiations, following which you came to an agreement.

I would like to hear more of your explanation of the new delivery measures and their economic impact, if you have quantified it. How will increased revenue help you, taking service of the public into consideration?

**Mr. Sylvain Lapointe:** One of the major objectives put forward by Canada Post was to beat the competition. Delivery would therefore be spread over six days, potentially over seven, but using a part-time workforce since there was not yet enough work.

That is why the corporation considered the possibility of starting off with a temporary structure in order to earn revenue during weekends. We know that people are mainly at home on weekends, on Sundays, at least more often than during the week. We were therefore asked to build that structure, but also to include evening delivery. We know that same day delivery is good for contractors and that morning delivery of food products—which some countries do around the world—is as well. We agreed to open up the market and to go after a share of it. That is what we offered Canada Post.

Currently, if we compare operations over the first six months of the current year with those of the first six months of last year, there has been an 11% increase in parcel deliveries. That market will explode in the coming years. As you know, more and more people buy on the Internet.

We believe that this new structure will be extremely profitable for Canada Post, in addition to its admail service. We know that Canada Post has a very small market share in that sector. Newspapers and magazines make up a major share. However, the dimensions and weights that we negotiated will enable Canada Post to increase its share of that extremely lucrative market. We therefore expect these changes to be beneficial. The 2016 year will be profitable, and once these measures have been put in place, we know 2017 will be extremely profitable too.

**Ms. Karine Trudel:** So the task force should have taken those changes into consideration.

**Mr. Sylvain Lapointe:** Absolutely.

It is unfortunate because you will be receiving the 2016 financial report from Canada Post in March or April, when you have in fact completed your proceedings. As I say, that is unfortunate.

**Ms. Karine Trudel:** Earlier one speaker mentioned that, as a result of the new technological changes, employees did not have the skills to enter this new digital era. Do you think your workers, in Canada Post's various offices and facilities, are able to adapt to the

new services offered in the new digital era, beyond traditional postal service, that is to say stamp sales and parcel shipping, for example?

**Mr. Sylvain Lapointe:** Our members have already entered the digital era. They are already conducting financial transactions in post offices, whether it be cash transfers, sales of products, and so on.

True, additional training will be needed in certain fields. I personally have been at Canada Post for 38 years, and I have confidence in the abilities of the corporation's employees. Training will be given, but we are already an integral part of the community and of the digital era at Canada Post. I do not view that as a stumbling block, quite the contrary. This is a chance to upgrade our workforce and to do more for the public by making Canada Post's network much more profitable.

● (1010)

**Ms. Karine Trudel:** Mr. Perez, I come from Saguenay-Lac-Saint-Jean, and I know the rural world much better, perhaps as you do, Mr. Demers.

I wanted to know how you view the future at Canada Post. You raised the topic. I have monitored this file closely. It is definitely impossible to install community mailboxes on Montreal Island. Are you considering encouraging Canada Post instead to continue direct home delivery to apartments on Montreal Island, for example?

**Mr. Lionel Perez:** Thank you for your question.

Our position is clear on that subject. Home delivery service must be maintained, for various reasons. First, there is the urban reality of the city of Montreal, particularly in its central neighbourhoods where the population is very dense, there is a lack of public space, and it is really impossible to find locations. There are also universal access issues. There really is a limit on access to a number of community mailboxes. That is clear, in particular, from the challenges raised by snow removal in winter. This is all part of a whole in this area. We believe that the way Canada Post has reacted—not in the distant past, but more recently, in 2015 and 2016—clearly reveals the problems and issues surrounding the possibility of imposing this kind of delivery, which is not feasible in Montreal.

I will close by saying it a good idea that the Government of Canada wants to proceed with consultation on universal access next year. I believe that is part of an issue that must be considered.

**Ms. Karine Trudel:** Mr. Demers, I would like to know the impact that an end to home mail delivery will actually have. You raised the point earlier. What negative impact will that decision have on your communities? I would like you to indicate the contentious aspects.

**Mr. Marc Demers:** All right. We are prepared to cooperate, and we have done that, but first I will say that Canada Post's decisions have financial consequences for the municipalities. I am not sure that citizens will ultimately come out on the winning end.

Second, we believe service should be maintained in the old neighbourhoods where seniors with reduced mobility live. We are prepared to cooperate with regard to new neighbourhoods.

There are also safety issues. At certain locations where boxes have been placed, they violate traffic control standards established by the provincial government and, obviously, by the City of Laval. So there are traffic flow problems that also constitute a danger. That is more or less it.

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

[*English*]

Madam Ratansi, seven minutes, please.

**Ms. Yasmin Ratansi:** Thank you all for being here. I don't even know where to begin, because you've given us so much information.

For the record, the reason we are here is that during the election, we heard overwhelmingly that Canada Post had not consulted, and that is where the biggest problem comes in. They say they consulted; who they consulted, I don't know. When they came before us, and the task force came before us....

The first thing about change management, if they want to bring any change, is to consult the stakeholders. Therefore, if they come up with a solution, Mr. Perez, like you say, of putting community mailboxes in a very densely populated area, we are here to ensure that this type of mistake doesn't happen.

My question is going to be for everyone: financial stability or sustainability of Canada Post? They claim they are not going to be sustainable.

Mr. Lapointe, you have said they changed to a different accounting system. I am an accountant, so I'll tell you there's an international system that everybody has to follow, because then there is the right way to project your statements. If that change had taken place, and you claimed that there is \$400 million they had not shown—again, you talked about the report of the Conference Board—how did Ernst & Young miss it when it was doing its review, because the task force relied on Ernst & Young? If you could answer that question, I'll go to the next.

● (1015)

**Mr. Sylvain Lapointe:** It's amazing.

**Ms. Yasmin Ratansi:** Pardon?

**Mr. Sylvain Lapointe:** It's actually amazing that they took the numbers, because the history of the numbers doesn't add up to what they put forward, even for this year. How do you arrive in your forecast at a \$63-million loss for this year, when the first two quarters are the best ever since 2010? I mean, we can predict high profits for this year.

Basically, from what I understand—I am not an economist—they took the numbers that were given to them and put them into the report, because history tells us otherwise.

**Ms. Yasmin Ratansi:** No, I am not talking about Canada Post giving them the numbers. The task force told us that they had Ernst & Young, an accounting firm, a reputable firm, do a due diligence audit, and that's where they came up with the numbers. Yes, they

matched exactly what Canada Post had; so you have some concerns about the numbers, and we will make a note of it. Okay.

Monsieur Perez and Monsieur Demers, when you look at the sustainability, Canada Post is a requirement. Canada Post's job is to deliver mail and it's in the business of logistics. How do you see Canada Post maintaining its service when it claims that mail delivery is at a decline and it's making them lose money? What would you like to see? Would you agree to one of the recommendations of the task force that the mail be delivered every three days or every two days, that some of the communities that are new communities have community mailboxes? What would you say?

**Mr. Marc Demers:** Well, that was one of our suggestions.

[*Translation*]

The first thing that must be determined is whether mail delivery is an essential service for a society. If the answer is yes, then we must accept responsibility for it.

Furthermore, if Canada Post makes a decision that has economic consequences for another level of government, such as the municipalities, that must obviously be part of the equation. The same citizens will ultimately pay for the service. They will merely be paying in another way, in the form of municipal taxes, higher postal rates, or a subsidy.

Obviously, our mandate was not to go that far in our thinking. We took it for granted that this is an essential service, particularly for seniors who may have difficulties. We agree that mailboxes may be installed in new neighbourhoods, but, in established areas, you have to think of service to the public and adapt to its needs, while meeting traffic and safety criteria.

[*English*]

**Mr. Lionel Perez:** To add to that, yes, it is a service where it has to maintain financial sustainability, but it also has certain obligations of levels of service. This is in the Canada Post act. I'll refer to paragraph 5(2)(b), which clearly indicates that it has to offer a certain level of service according to the area, whether it's rural or a city.

It has a monopoly. We can't give it a monopoly and expect it not to have the ability to give a certain level of service. Otherwise, what we should be talking about is the privatization of Canada Post. If we want to reduce it to a cookie-cutter fashion and make sure it's ultra-profitable, then that's a whole different consultation and discussion that we should have.

The other thing I would point out is that how we determine financial viability will depend on numerous factors. You're an accountant; you understand that anybody can play with numbers. I'll give you an example. Let's look at the economies of scale they have in an urban area, and let's look at their cost and profit in an urban area. That will be interesting to look at, whether that can justify home delivery in an urban area. Could we look at, as Mr. Demers mentioned, the indirect cost? Why should cities be paying for the maintenance, graffiti removal, and snow removal for community mailboxes?

I will point out that there's a fundamental difference in terms of the numbers between the working group and the Conference Board report regarding alternate-day services. We think it is a solution. I know they talk about \$74 million. The Conference Board was talking about \$350 million a year by 2020. These are the types of things we should be looking at.

Yes, there has to be an evolution. Yes, there has to be a change. But within a certain framework it can be done and should be done.

• (1020)

**Ms. Yasmin Ratansi:** Thank you.

[*Translation*]

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

[*English*]

**Ms. Yasmin Ratansi:** Do you mean I'm finished?

[*Translation*]

**The Chair:** Yes, your speaking time is up.

Mr. Gourde, you have five minutes.

**Mr. Jacques Gourde:** Thank you, Mr. Chair.

I will be speaking to you, Mr. Lapointe.

I was pleased to hear you discuss the possibility of extending business hours, even on Saturdays, so you could make direct contact with consumers.

People my age who work leave home at 7:00 a.m. and return at 6:00 p.m. I live in a rural area and the post office's business hours are from 9:00 a.m. to 4:00 p.m. Unless we are at home on sick leave once or twice a year, we do not have a lot of opportunity to go to the post office and do our business. Canada Post has missed a lot of opportunities to provide services. People have opted for other services.

You said that extending business hours would help sharply increase Canada Post's profitability. Can you give us a percentage?

**Mr. Sylvain Lapointe:** Earlier I talked about parcel delivery on weekends, mornings, and evenings.

With regard to business hours, it is important to note that, in 2003, the union allowed Canada Post to use part-time staff at postal outlets, precisely in order to extend business hours into evenings and weekends. Canada Post decided not to offer that option.

Canada Post operates the other way around. It sells franchises and then employs the strangulation principle. It opens franchises and sends its commercial clientele to them, as a result of which traffic at the corporate postal outlet declines. It justifies cutting business hours by saying that those franchises have extended hours. In the end, it closes post offices. That is the approach it has used for the past 25 or 30 years, but it has done so increasingly in recent years.

CUPW is extremely open. There is a pilot project at Richmond Hill, in the Toronto area, where a post office is open evenings and weekends. Our union is very much in favour of this kind of Canada Post business. We are ready to work evenings and weekends, that is to say seven days a week.

**Mr. Jacques Gourde:** In your negotiations with Canada Post, you say it would be possible to reduce morning hours and to open, say, at noon or 1:00 p.m. If I understand correctly, that might be feasible. That measure should be introduced since, at some point, it will be the only way to ensure you have a relationship with the clientele. Otherwise, Canada Post will disappear from the landscape in many regions of Canada because business hours do not meet customers' needs.

**Mr. Sylvain Lapointe:** You are absolutely right: for years, CUPW has been suggesting that Canada Post extend business hours so that the public can go to post offices. The corporation has persisted and still claims that it is day customers who will go to the post office in the evening, which is false. Customers go to the post office to the extent that business hours suit their schedules. The collective agreement permits a change of working hours and resulting working conditions.

**Mr. Jacques Gourde:** Do you have anything to add, Mr. Duguay?

**Mr. Alain Duguay:** I simply wanted to note that post offices were open until 6:00 p.m. a few years ago, in Montreal and probably across the country. We have never really understood why Canada Post decided to shorten the business hours of the postal outlets. We agree with you that they should be open when customers have the time to go there. It makes no sense to close them that 4:00 p.m.

**Mr. Jacques Gourde:** I understand in the case of Mr. Demers and Mr. Perez. In that of Mr. Demers, it may not be as bad because there is more space in Laval than there is in Montreal. The situation in Montreal is really complicated. For mailboxes, the price per square foot is very high in Montreal and certain regions, and there is virtually no available land.

Canada Post had considered the possibility of setting up in businesses. I do not believe it would go so far as to rent premises on which to set up its mailboxes because that would be too costly, but who knows? Canada Post could install clusters of 200 or 300 mailboxes at a location sheltered from inclement weather where customers could go and pick up their mail. Would any businesses be interested in investing in providing that service?

**Mr. Lionel Perez:** I cannot answer that from an economic standpoint. The City of Montreal views the mail as an essential service, not a matter of facilitating a task. For example, Canada Post refused to deliver mail inside a new condominium project in the borough of Rosemont-La Petite-Patrie, even though the developer was prepared to install traditional mailboxes. That was during the so-called moratorium in 2016. If Canada Post refuses to deliver mail inside an apartment building, I find it hard to see why anyone would be interested in this as a so-called business venture. If, as we said, mail delivery is an essential service, we must maintain home delivery for reasons of citizen access and safety.

• (1025)

[*English*]

**The Chair:** *Merci beaucoup.*

Our final intervenor is Mr. Whalen for five minutes, please.

[Translation]

**Mr. Nick Whalen:** Thank you, Mr. Chair.

I want to thank all the witnesses for their quite direct testimony.

I have just heard things that have not come to our ears in Ottawa. I just learned that there is a flagrant lack of cooperation between the governance of Canada Post, the municipalities, and the unions. I have also heard that there may be a lack of respect between Canada Post and the municipalities, as well as disinformation and budget estimates that are somewhat too conservative.

[English]

In the opinion of each of the groups here, has there been a loss of trust of Canada Post management in...? If we find a new vision and a path forward, do you have confidence that the current management of Canada Post is the appropriate group to execute on this new vision? Or do we need to change leadership at Canada Post? Is the relationship too far broken that we need new presidents and 22 new vice-presidents?

Perhaps we can start in the order we went in from the beginning.

**Mr. Lionel Perez:** I think there has definitely been a breach of trust between the City of Montreal and Canada Post. This is not coming just before the supposed consultation prior to the five-point plan; it was non-existent. If you look at the original report, they're talking about putting a link on their website. They're talking about having very specific meetings. The City of Montreal and other cities were not consulted.

**Mr. Nick Whalen:** Thank you, Mr. Perez.

**Mr. Lionel Perez:** And since then, it's only—

**Mr. Nick Whalen:** I'm sorry, but I do have many questions. Thank you.

[Translation]

**Mr. Marc Demers:** There has indeed been a breach of trust. I would remind you that the situation has deteriorated, culminating in court proceedings. To illustrate the situation somewhat, the City of Laval has more than 66,000 citizens over the age of 65. Those citizens have turned to the municipal administration in the absence of an agreement with Canada Post. The only option that was left to us—because that was not within our power—has become an election issue.

**Mr. Nick Whalen:** Thank you.

Mr. Lapointe, I am all ears.

[English]

**Mr. Sylvain Lapointe:** Whether you change the leadership at Canada Post or not will be a decision of the sole shareholder, the government. However, it's a sad day when the employees and the union believe more in the company than the people who direct it.

It will be up to the shareholder, but it would be nice to have people who actually believe that Canada Post can succeed. We do.

**Mr. Nick Whalen:** Thank you.

[Translation]

Mr. Duguay, you have the floor.

**Mr. Alain Duguay:** I feel there has been a breach of trust among the public, employees, and Canada Post, particularly over the past few years. As I said, social peace reigned for 14 years, but absolutely nothing has happened in the past five or six.

There are two conflicting visions: the vision of reduced services, which Canada Post is putting forward, and that of the public and certain groups that are demanding that new services be offered to ensure Canada Post's continued existence. If cuts are made, I am virtually certain there will be even bigger operating losses than if new services are offered.

**Mr. Nick Whalen:** Thank you.

[English]

My next question really goes to the corporate structure and the future services that might be offered. When I look at the corporate structure of Canada Post, I see Purolator offering competing parcel service with what we look at as being the sweetest plum, the most profitable area of the business. I look at SCI Group, which provides logistic services. Again, it's largely owned by Canada Post, but it seems that the logistic service of Canada Post competes with one of its own subsidiaries. And Innovapost, which provides IT services to a Canada Post group of companies, is 2% privately owned.

I've been hearing this from union members in my province. Is there something strange in this relationship where the more profitable lines of business of Canada Post seem to be competing with private entities that it also owns, and how does that play out in the union relationship?

**The Chair:** You only have about a minute left. Is there someone you want to direct your question to?

**Mr. Nick Whalen:** Yes: to Mr. Lapointe.

**Mr. Sylvain Lapointe:** It's an interesting situation. I don't know how it will play out, but certainly if there are areas where it is possible to get more revenue, we believe they should be directly integrated into Canada Post. That's very much feasible. It's an interesting situation, but again, it will necessitate an analysis by the shareholder to see how that plays out, and to the ultimate result of a Canada Post....

• (1030)

**Mr. Nick Whalen:** Mr. Chair, I just want to quickly add that at least on our side, we'd greatly appreciate it if the witnesses would make themselves available for written questions from the committee. This is the consultation. We are open to things beyond the task force report, open to considering issues of privatization and new services. Mr. Perez mentioned that he would like to see a new consultation. I'm afraid this is it. If they have additional written comments on other aspects of the future of Canada Post, we'd love to hear from them. Perhaps they'd also be available for written questions from the committee.

**The Chair:** This is a standard request, gentlemen. If you were here for our first intervention, you will know that we made the same request of our previous witnesses.

I assume by your nods that we have some acquiescence that if we have further questions you will entertain them, and should you have any further submissions that you wish to bring to the attention of the committee, please direct them to our clerk. We'd love to hear from you.

Let me say again, on behalf of the committee, as I think each one of my colleagues has done before me, thank you so much for being here, and thank you for your candour and directness. This is very much appreciated. It is what we need.

We will suspend for a couple of moments and wait for our next witnesses to come to the table.

Thank you to all.

• (1030) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1035)

**The Chair:** We're running a little behind.

First, to all of the witnesses, do all of you have opening statements?

My intrepid clerk here is giving me some instructions. I will ask you to keep your comments as brief as possible. We now have less than 55 minutes for the opening statements and questions from all of our colleagues.

I will begin with....

Yes, Mr. Whalen.

**Mr. Nick Whalen:** Excuse me, Chair, I have a point of order.

Very quickly, in light of the committee travel over the next three House sitting weeks, we'd like to propose that notwithstanding any routine motion during the meetings of the committee outside of Ottawa, the chair shall not entertain any substantive motion. This is in line with other committee travel, because only seven of the ten members of the permanent committee are here.

I believe this should be accepted. I've spoken to—

**The Chair:** I believe that is in order.

A show of hands, all those in favour?

**Some hon. members:** Agreed.

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

Ms. Hutchison, your opening statement, please.

**Ms. Carmela Hutchison (President, DisAbleD Women's Network Canada):** Thank you.

Dear members of Parliament, the Standing Committee on Government Operations and Estimates, I thank you for your gracious welcome and for the opportunity for women with disabilities to be consulted about the important role the postal service plays in their lives.

I would like to take a moment to acknowledge the Kahnawake Mohawk first nations peoples on whose traditional lands we gather today.

I would also like to take a moment to reflect on the one in five people with disabilities who will be affected by the decisions taken with respect to postal service and ask decision-makers to remember to reflect also on the fact that decisions taken here will affect the 3,775,910 Canadians, and in particular the 2,076,890 Canadian women, who are living with disabilities in this country.

Women with disabilities across Canada are very concerned about the intention of Canada Post to stop home mail delivery service, to install community mailboxes, to reduce home mail delivery, and how they allocate home mailboxes. Women with disabilities are at greater risk for violence because they are women and because they are disabled. Ending mail delivery service places at risk all Canadians with disabilities who rely on home delivery service as part of their personal safety plan.

The risks posed to women with disabilities come from two directions: one, because we're women; and the other, posed by our disability. Difficulty reaching the boxes, uneven or icy terrain, inability to hear someone coming if you are deaf or hard of hearing, and inability to read the box because of vision or disability all place us at risk because we're forced to travel a path to a box in the community. Such routines make a point of risk to us of further abuse.

Women who have more severe disabilities are, then, also placed at even greater risk if they're forced to allow others to collect their mail. One woman actually had a trustee. She couldn't get her own mail because of the severity of her disabilities, and that was the only reason she had a trustee. Resorting to caregivers or family members is, on the surface, what should be the logical solution and a problem seemingly minor. Someone will get it for you. It is anything but minor when you're a senior or a woman with a disability and you're being stolen from by your caregivers or financially abused as a senior. There is no expectation of privacy when other folks can get your mail.

One woman living in an area with a community mailbox had tenants who did not conduct themselves well. While she was away from home, her mail was tampered with for months. Economic challenges can create risky situations, as people try to improve their situations by sharing housing. The inability to have observation and control of the box, through residential delivery, again increases the risk to women with disabilities.

Women with disabilities are also at risk for stalkers or abusers. Women with mental illnesses such as agoraphobia, paranoia, or post-traumatic stress disorder may also find it impossible to get to the box. Women with episodic disabilities may also experience fatigue or additional pain. If they're injured, they may become continuously disabled. Women with hidden disabilities, such as depression, heart disease, or COPD may look well but be unable to manage the trek to the box each day.

Loss of postal delivery service removes an important link in the chain of safety. Postal workers who deliver the mail would notice when people were unusually absent or were injured, or they would see somebody had fallen. Fine public servants will no longer be on their routes to see these things.

The introduction of accommodation now becomes a huge problem for both women with disabilities and the postal service. Do we put a big handicapped sign on the door? Who approves it? The Canadian Medical Association wisely indicated it would not.

The payment for these types of reports can also become an economic barrier. The amount of paperwork, complexity of paperwork, and their frequency have caused some patients to lose their doctors, in an era where it's already very hard to find a doctor. Municipalities do not want the boxes on their boulevards, nor do they want the maintenance. One woman has been told that Canada Post would actually place the box by her home unless the neighbours complained.

It's unbelievable that Canada has ratified the Convention on the Rights of Persons with Disabilities, yet we can observe rights being trampled on in the following ways.

• (1040)

For example, the convention states, under “General Observations” in article 4, that:

1. States Parties...ensure and promote the full realization of all human rights and fundamental freedoms for all persons with disabilities without discrimination of any kind on the basis of disability. To this end, States Parties undertake:

d. To refrain from engaging in any act or practice that is inconsistent with the present Convention and to ensure that public authorities and institutions act in conformity with the present Convention;

In article 6, women and girls are at greater risk for poverty and violence.

In the body of the presentation, when you receive it, there will be other articles in there. We took some time in our presentation to think about the purpose of the crown corporation, and we want to emphasize that we don't think this crown corporation should be privatized.

We also talk about two pieces, one from Canada Post Corporation and one from CUPW. The one we thought was interesting from Canada Post Corporation was the encouraging of entrepreneurial consultation, which we thought might be helpful to women with disabilities, because it might be a solution that helps supplement income. The one from CUPW has to do with postal banking, which we think, in conjunction with social economies, might be helpful to women with disabilities.

• (1045)

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

I appreciate your comments. This is when I hate being a chairman, but we're on a tight schedule, so I'm asking all of you to please be as brief as you possibly can. It has been our experience that even if you don't conclude your opening remarks, most of the information you have seems to come through in the questions and answers.

With that, we will go to Madam Pelletier.

**Ms. Ruth Pelletier (Former President, Seniors Action Quebec):** Thank you very much.

My name is Ruth Pelletier. I'm the past president of Seniors Action Quebec. We thank you for the opportunity to speak.

I'd like to turn it over to our executive committee member, who is our official secretary, Mr. Andrew DeFour.

**Mr. Andrew DeFour (Secretary, Seniors Action Quebec):** Thank you, honourable members, for inviting us, and for the opportunity to present before you on the topic of Canada Post.

Seniors Action Quebec is a non-profit provincial organization working in partnership on behalf of English-speaking Quebec seniors. There are one million English-speaking individuals living in Quebec. Of these, just a little under 300,000 are 55 years of age and over. They represent 25.4% of Quebec's minority language group.

The greatest concentration of seniors is located in the Montreal and the Montréal region: a combined total of 196 seniors aged 55-plus. The English-speaking communities of the Estrie and Gaspésie–Îles-de-la-Madeleine region have the largest proportion of seniors, at 37% and 36.5% respectively, indicating that one in three English-speaking persons is in a rural community in Quebec.

Over the past 10 years, there have been many focus groups and conferences to find out the needs and priorities of seniors. Recently, we concluded a one-year Canadian Heritage project titled “Building Community Capacity—From Evidence to Action”. The goal was to identify and establish priorities among critical needs and issues affecting seniors' quality of life. We had five partner organizations covering the Outaouais, the total Gaspésie, the North Shore, Sept-Îles, Baie-Comeau, and Quebec City. The aim of the project was to consult with seniors in the regions, asking them to identify priorities for their communities. We successfully carried out 17 focus groups throughout Quebec.

During these focus groups, seniors expressed concerns regarding access to their mail delivery. Concerns that came out were: difficulty in accessing the community boxes; weather conditions limiting the ability to leave home; insufficient removal of snow and ice at the boxes; and inability due to illness, post-surgery recovery, or limited mobility, and cardiovascular or other respiratory conditions.

We request that the government not permit any new cuts to mail delivery, especially in the rural and remote regions of the country. Lack of transportation to the boxes, especially in small communities where boxes are located in the centre of town, requires the individuals to drive to pick up their mail. Without access to vehicles, they will rely on family and neighbours.

English-speaking seniors are more vulnerable, as their adult children have left their hometown or, in many cases, the province, leaving their parents to rely on friends as their support network.

In the case of seniors affected by the early onset of dementia or Alzheimer's disease, they may not be able to make a request for service at home. The implications are that their bills remain unpaid and important appointments are missed, etc.

What has the government done and what will it do to address these similar needs?

In the past when mail was delivered to your home, it provided a means of knowing the habits of an individual, as Canada Post employees and the recipient generally developed a good relationship. If something was abnormal, the Canada Post employee could flag the issue. Without this hands-on service, seniors have expressed the concern that there is a level of security missing.

We understand that the current government has halted the replacement of home delivery with communal boxes. We applaud this decision.

It is our understanding that the government has a mechanism for individuals who require mail delivery directly to their home due to illness or mobility issues. We feel that this is extremely helpful and encourage the government to implement the necessary publicity to ensure individuals are aware of the existence of this service and the process.

Hopefully, in regard to receiving this service, you have taken into account the fact that not all seniors have access to a computer or have poor Internet connections—some have dial-up—and therefore we hope the process to request this service is fast, simple, and user-friendly, with perhaps simply a phone call. We urge the government to ensure adequate resources to handle the demand for this service, with a recognition of the needs in our culturally diverse communities.

If these items are taken into account, it will go a long way to alleviate several of the concerns expressed by seniors and those who fall into these specific circumstances. We are encouraged by the government's process of consultation to address this issue.

Thank you.

• (1050)

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

Mr. Lavigne, please, for five minutes.

[*Translation*]

**Mr. Richard Lavigne (Director General, Confédération des organismes de personnes handicapées du Québec):** Good morning.

On behalf of the Confédération des organismes des personnes handicapées, I want to thank you for welcoming me here today. At the outset, I would like to express my support for the remarks by the two individuals who spoke before me. In the community of persons with limitations, there are of course many seniors and women. I will not repeat what they said because we are entirely in agreement.

I am going to speak to you about a special situation in Quebec. There is some talk about requiring a medical certificate for a person to obtain home delivery service. I do not know whether people are experiencing the same problem in the other provinces, but here in Quebec not everyone has a family physician, and if by chance we have one, it is often difficult to get an appointment, and patients have to pay for the certificate. These are obstacles for the people we represent. Need we remind you of that fact? The community of persons whom we represent does not distinguish itself by its great wealth, quite the contrary.

Furthermore, it appears that Canada Post would be the one to decide, based on the medical certificate submitted to it, whether the person in question is disabled enough to receive mail at home. We are quite surprised to learn that Canada Post has specialized resources to assess persons with disabilities, and, as you will understand, we doubt the value of the assessment that will be conducted. Technically speaking, if I have a physician, have managed to make an appointment, and obtained a medical certificate, Canada Post may still not accept that certificate. We consider this unacceptable.

How do people get to this community mailbox and how can they find their box? This is a major issue for the people we represent. We live in a country that has snow and ice in winter. How can people reach the location of their community mailbox through ice, snow, and inclement weather? When you have to use adapted transportation, it must absolutely be reserved well in advance. In some instances, one must also wait an hour or an hour and a half for the return trip, where adapted transportation service is available. These situations may occur in -30, -40 or -25 degree weather. What can persons with disabilities do to be independent and feel safe when they go to pick up their mail? If they have no assistance on site, how will they find their mailbox? How will blind people find the big mailbox and then their own individual mailbox if there is also a lot of snow or ice on the ground?

I also emphasize how important it is not to put persons with disabilities in situations where they are vulnerable or to make them too dependent on family and friends. We are increasingly urged to seek the assistance of close relatives, family, friends, and neighbours. At some point, it becomes very difficult to remain independent and to protect one's privacy. Mail is personal and we do not necessarily want a neighbour or family member to be aware of the mail we receive. Blind people, to expand on that example, have technological aids with which to read their mail but not to go and pick it up. They must constantly request assistance, and that runs counter to the principle of personal independence.

We are told that Canada Post has financial problems. We wonder why the main recommendation is to cut services. Canada Post could, and even should, find other services to fund itself. The postal organizations of other countries provide other services that contribute to their funding. Why would Canada Post not do the same? In the event Canada Post is unable to find new funding sources, should it not then consider other measures? Is it really essential to deliver the mail five or six times a week, or would it not be possible to plan other measures at locations that do not have the critical mass?

In short, we cannot accept a measure that would require persons living with functional limitations to obtain a medical certificate in order to have their mail delivered at home subject to an evaluation by Canada Post of the certificate thus obtained.

• (1055)

For these reasons, we think Canada Post should maintain its services, adapt them, and find other sources of funding.

Thank you very much.

**The Chair:** Thank you.

Mr. Ratnani, you have the floor for five minutes.

[English]

**Mr. Hicham Ratnani (Chief Operating Officer and Co-founder, Frank + Oak):** Thank you very much for the opportunity today.

[Translation]

I want to thank all the committee members.

[English]

I'll keep my statement brief and in two sections overall. What is Frank + Oak, and why are we here, and why do we care?

Frank + Oak is an innovative retail brand founded here in Canada about four years ago. We now employ over 250 people. We started entirely online; in other words, we ship a tremendous number of packages via Canada Post every single day.

We were ranked number one in Deloitte's Fast 50 as the fastest-growing company in Canada last year. We care very much about the future of this industry and how we can become a beacon of success in this overall industry. Our goal is to combine technology, design, and innovation to become, I would say, the future of retail. The reason we're here is that we are a very large client of Canada Post. We ship a very large number of packages in both the U.S. and Canada. We also leverage a lot of the innovations developed by Canada Post, such as address verification, which allows our customers to have the right addresses input in their statements, and also the Delivered Tonight service, which means that customers can buy today and it will be delivered in their mail the same day here in Montreal and other areas.

Our goal is to be a very large retailer and to disrupt retail in general. As we know, commerce is evolving very quickly and is becoming ever more competitive. When we look at situations where Canada Post might offer fewer options for their customers, less innovation, and also restrict the overall level of service, this is a great concern for a company that requires a strong local partner such as Canada Post.

We do want the carrier to be leading, to continue to innovate, and there is a lot of competition in this space. Locally, other private carriers are very fierce in their offers to gain our business. Our goal is to be an online disrupter and very large company. We require Canada Post to be at the forefront and to offer more services in this ever more competitive space, which is commerce.

Thank you very much.

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

Colleagues, try to keep your comments as brief as possible so we can make our next destination and entertain our next set of witnesses in Blainville, Quebec.

[Translation]

Mr. Ayoub, you have the floor for seven minutes.

**Mr. Ramez Ayoub:** Thank you, Mr. Chair.

I want to thank the witnesses for being here today.

I am very pleased to meet you. It is important to hear what you have to say. My questions will concern persons with reduced mobility, persons with physical disabilities.

You noted certain problems. I would have liked you to expand on the safety aspect. What makes you feel unsafe—no pun intended—about losing home delivery?

We also talked about reducing weekly mail service to two or three days. Do you consider that an acceptable solution? How do you perceive that possibility?

I will ask my third question right away. I would like you to discuss in greater detail your experience with requesting personal service in specific cases. What process did you go through?

I would like a brief answer to each question because I want to hear from all of you.

• (1100)

**Mr. Richard Lavigne:** With respect to safety, persons with visual or motor disabilities who go to pick up their mail experience stress. They do not really know whether or how they will get there. Someone may follow them and try to see what they have received. They may have received mail that seems more attractive to ill-intentioned individuals. There is also the matter of transportation, as I explained earlier.

In response to your third question, we learned about this project like everyone else. In Quebec, however, we have not had any direct connection with Canada Post, but perhaps Canadian associations have. In fact, we have not had any official exchange with the Canada Post people.

What was your second question?

**Mr. Ramez Ayoub:** I would suggest that delivery, which is daily, be done every two or three days.

**Mr. Richard Lavigne:** We are suggesting that as an alternative solution.

We currently receive mail every day, but we could get it a little less frequently, provided the schedule was regular. It could be Tuesdays and Thursdays, for example. The schedule would always be the same. We have not conducted any studies on the subject, but we are proposing that as an alternative to complete elimination of the service. Canada Post could find other delivery contracts, for groceries or something else. Other organizations make deliveries.

**Mr. Ramez Ayoub:** Thank you, Mr. Lavigne.

[English]

Madam Hutchison, do you have anything?

**Ms. Carmela Hutchison:** Basically, the Council of Canadians with Disabilities thought that was a suitable compromise, and DisAbled Women's Network Canada agrees with this compromise to have the mail delivery decreased to being on maybe Monday, Wednesday, and Friday.



I was exploring one of the proposed options in the CUPW submission, in which they were talking about increasing evening and weekend delivery. I also think that might be a good alternative when we have so much unemployment, to reverse the lens and think about that as an alternative as well. Thinking about some of those outside-of-the-box possibilities would be another alternative.

I look at the amount of youth unemployment and the amount of different kinds of unemployment, and I look at the fact that small communities have less employment, and I challenge some of our legislators to think that those might be solutions in smaller communities, to stimulate the economy by providing services to people with disabilities. Our needs don't change. No matter what the energy industry is doing, we have the same needs, no matter what the economy does.

[Translation]

**Mr. Ramez Ayoub:** Thank you, Ms. Hutchison.

Mr. Defour, Ms. Pelletier, would you like to speak?

[English]

**Ms. Ruth Pelletier:** I certainly can address this. I've had a hip replaced. I'm a senior. I'm waiting for two knees to be done. I can tell you I have a community mailbox. I live in Vaudreuil-Dorion in a new development. I can also express that people living in rural Quebec do currently have mail delivery, but if that were ever to be cut, they would be limited to needing a vehicle. There's no bus service in most of these regions. How do they get there? They're relying on family and friends.

I can tell you that around the box there is a bit of a slope. If it's icy and even if there's lots of snow and it's not cleared, it packs and becomes slippery. It is definitely a physical security issue.

**Mr. Ramez Ayoub:** Do you have any experience with the services to improve your own delivery, because your needs—

**Ms. Ruth Pelletier:** I actually just found out that I could phone and ask for home delivery service. I asked what the process was, because I was testing the system.

**Mr. Ramez Ayoub:** How did you find out?

**Ms. Ruth Pelletier:** I just called the toll-free number on the Canada Post site, and I tell you, you go through so many capsules it's unbelievable. If you're a senior and you don't have a computer, and all you keep hearing is that they recommend that you go to [www.canadapost.ca](http://www.canadapost.ca) or whatever the heck it is, you would give up. But I stayed on. I actually got to speak to an individual who couldn't answer me. I asked, "Do I require a medical certificate?", and he said —

•(1105)

**Mr. Ramez Ayoub:** Thank you, Madam Pelletier. I need to interrupt a little bit because I have another question. I have only seven minutes. I'm sorry.

Mr. Ratnani, you're in business. I would like you to explain to us the proportion of business that you're doing right here in Montreal, and whether you send some packages from Montreal. I hope so. Do you also send some packages from the U.S. in your business?

**Mr. Hicham Ratnani:** Everything is shipped from Montreal.

**Mr. Ramez Ayoub:** You're not using the U.S. postal—

**Mr. Hicham Ratnani:** Actually, we ship everything from Montreal, but it goes everywhere in North America, and Canada Post is our main partner in shipping.

**Mr. Ramez Ayoub:** How many packages a week are you sending? Do you have an idea?

**Mr. Hicham Ratnani:** It's tens of thousands a month.

**Mr. Ramez Ayoub:** Thank you.

[Translation]

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

[English]

Mr. McCauley, go ahead for seven minutes, please.

**Mr. Kelly McCauley:** Thank you very much for your presentations. You are remarkably well spoken. I appreciate it. I have just a couple of quick questions.

Mr. Ayoub, we've discussed Canada Post doing a once-a-week delivery for the disabled. Last week when we spoke to Canada Post, it said, "We do have the system set up." It acknowledged that it needs to do a much better job of advertising it, because I was not aware until about a week ago that it does this.

If it gets it right and gets it working properly, is this a solution for those who have the community mailboxes? My understanding is that it delivers every day to the box and then once a week it will take it to the home. If it does a proper job consulting and makes it easy to access for the disabled, will this work, in your opinion?

**Ms. Carmela Hutchison:** This is the first I've heard about it, and I find that highly—

**Mr. Kelly McCauley:** It is not just me, then.

**Ms. Carmela Hutchison:** No. It's the first I've heard about it, and I live in a town that doesn't have mail delivery. I live in a town with a rural post office. Nobody has home delivery. You have to go and get it. So I'll test this theory out.

**Mr. Kelly McCauley:** Mr. Lavigne, go ahead.

[Translation]

**Mr. Richard Lavigne:** That is what I hear too. Once a week is not much, but it is better than nothing.

The problem that arises is to determine how those people who are entitled to this service will be recognized. I explained in my presentation that a doctor's certificate would be necessary, but that you would have to pay the doctor to obtain the certificate. What would a person who does not have a doctor do? How can Canada Post have the expertise to determine whether a person is disabled enough? One finds it hard to believe it has that kind of expertise. If it does, we would like to know about it.

In Quebec at least, the health and social services system is experiencing problems. There are waiting lists and so on. I take a dim view of that. Ultimately, this may be good, but how would we go about determining who is entitled to what? Decisions may be based on something other than the actual situation of the individuals in question. If there is only one person with disabilities in a given neighbourhood, would there be a temptation to say that ultimately that person is not really disabled? Who will monitor this? Will there be an appeal mechanism if an individual does not agree with a decision?

[English]

**Mr. Kelly McCauley:** We are not here to set that, but I think the idea is that the recommendation would be for Canada Post to talk to associations like your own to work this out. Obviously, it can't be just someone saying, "I want home delivery; I don't feel like going out." There has to be a simple solution with buy-in from the various groups, such as your own, which is why it is so great to have you here.

**Ms. Carmela Hutchison:** I will speak very briefly to you about some of the obstacles with these kinds of forms. Richard is right; when there is a dual set of assessors, it gets—

**Mr. Kelly McCauley:** Canada Post and the organizations will have to work out something that works, because right now, obviously, it doesn't.

**Ms. Carmela Hutchison:** No, but there are practical considerations. I have the "one person, one fare" program. I have been established on it for many years, with an airline. When I got the form and got it filled out—

**Mr. Kelly McCauley:** Is this the Canada Post form?

**Ms. Carmela Hutchison:** No.

• (1110)

**Mr. Kelly McCauley:** Sorry, we are short on time.

**Ms. Carmela Hutchison:** It is, practically, what can happen. I have had the form for many years. I flew four times this summer. Then, I go to get it—

**Mr. Kelly McCauley:** I can't address an airline's—

**Ms. Carmela Hutchison:** No, I am not asking you to address it.

**Mr. Kelly McCauley:** I am going to interrupt because I don't have time.

What I am saying is this. If once a week will work—if Canada Post does proper consultation with various access groups—then maybe that is a solution to that area.

**Ms. Carmela Hutchison:** One weakness is that if people are getting paid by cheque and it is the end of the month—they are making rent—it may not work.

**Mr. Kelly McCauley:** That is a good point.

Actually, I was going to get you—

**Mr. Hicham Ratnani:** Do you consider mail delivery the same thing as parcel delivery?

**Mr. Kelly McCauley:** I don't work for Canada Post, so I don't consider anything—

**Mr. Hicham Ratnani:** It is just a question in terms of—

**Mr. Kelly McCauley:** I don't know enough about the weekly service for handicapped or for inaccessible.

**Mr. Hicham Ratnani:** I am just questioning—

**The Chair:** Mr. Ratnani, I will just interject for a moment. What I hear consistently from both Canada Post and all the other stakeholders who have come before us is that while it may be a viable option to have alternate-day delivery for mail, for parcels, undoubtedly, it has to be daily.

**Mr. Hicham Ratnani:** Thank you for the answer.

**Mr. Kelly McCauley:** My next question is actually for you, so thanks for chiming in.

Canada Post just went through negotiations. If they hadn't signed, what was your backup plan, which company? Would you just switch over to UPS? Is that a viable alternative? I am just curious.

By the way, before you answer, I want to say that you guys have a great online presence. You guys did a fantastic job. Well done.

**Mr. Hicham Ratnani:** Thank you. I will take those compliments with me.

I would say that it is always the same players. It is the FedExes and the UPSes of this world. DHL is a very well-known player, but now it is becoming more aggressive. Now you are seeing an entry of other local carriers now entering here from the U.S., such as LaserShip—smaller companies that actually want to compete and gain business here. We have a network of different providers across North America.

**Mr. Kelly McCauley:** How are they price-wise compared to what you're currently using with Canada Post?

**Mr. Hicham Ratnani:** In the U.S. it's very competitive.

**Mr. Kelly McCauley:** Here in Canada...?

**Mr. Hicham Ratnani:** In Canada, actually, Canada Post does have better service coverage because you can pick it up in the local post office. In certain service levels it is more competitive with Canada Post. In other service levels, actually other carriers are competitive, meaning it's usually between either the regular shipping or the express service, if things go by air. So it's becoming more and more competitive.

**The Chair:** Thank you.

[Translation]

Ms. Trudel, you have the floor for seven minutes.

**Ms. Karine Trudel:** Thank you for your presentations, which I appreciated. I myself have received an enormous number of complaints from both seniors and persons with reduced mobility in my region, Saguenay-Lac-Saint-Jean. I really do understand what you explained to us this morning. I myself have heard of people who take taxis to pick up their mail because they are unable to travel otherwise. There have been a number of complaints about snow removal and safety. You spoke about the fear of being followed, for example.

My question concerns delivery. You have just learned that some people might get service once a week, but that would require a letter from a doctor and would apply only to persons with a previously recognized disability. However, we should not forget seniors. In my constituency, there are people 85 and 90 years of age who still live at home and who are independent, but, as a result of the winters we have in Quebec and elsewhere in Canada, black ice presents a danger. Consequently, it may be difficult for them to go and pick up their mail.

The task force that submitted the report noted that its members consider themselves as seniors in good condition who are able to go and pick up their mail. Personally, I am still concerned about our aging population.

Do you believe that Canada Post should adapt and not limit this service to persons with reduced mobility—which is very important—but offer it as well to our seniors and that it should adopt a more open position? I would like to hear what you all have to say on the subject, Mr. Defour, Ms. Pelletier, and Mr. Lavigne.

**Mr. Richard Lavigne :** First, I would like to tell you that, according to Statistics Canada—we are not the ones saying this—one in three Canadians suffers from limitations. Not all those limitations are serious, but when it is -20 degrees celsius and the ground is covered with ice, that 33% represents a lot of people. This is not a trivial matter. This is not unimportant. I think we have to make arrangements in this case.

With regard to this medical certificate, we feel as though we always have to "bare all" before an official in order to obtain a postal service. It looks very complicated. Some people are quite independent, but things are different when they find themselves in aggravating circumstances. This is what we call "creating disability situations." I think that having to go and pick up one's mail from a mailbox may potentially be very dangerous for seniors in particular. So there will be consequences if we all have to go and see our doctor and get a medical certificate. There are costs associated with that; there are citizens who pay for that. There is also the problem of waiting lists in order to meet a physician.

• (1115)

[English]

**Ms. Ruth Pelletier:** I would like to add that I don't think once a week is sufficient, and timing of cheques is very important.

Fortunately a lot of people do the direct deposit, but we still have people 80-plus who are very hesitant to do online banking and very concerned about direct deposit, so we have them to worry about.

But equally important is this. Not only is it mail, but this also applies to online shipping. In the community mailboxes there is a section where parcels can be put and you can go to pick them up. If that parcel is too big to fit in there, there is a slip put in your mailbox. You have to go to a satellite post office to get it, so you're going even further. It's an additional burden, an additional cost, and an inconvenience.

We have to stop and think. You know, it's nice to have dialogue, and to try to find solutions, and let's make it simple; we're going to pacify the seniors and the handicapped and the mentally challenged, and we're going to keep Canada Post pacified. But the demographics

are changing. They're going to increase and their needs are going to increase, so we'd better all sit back and take a look, when we're analyzing and putting proposals forward, and keep that in mind. In the next seven to ten years, half of our population will be seniors. If we want them falling and breaking hips on black ice, and tripping and whatnot, or if we want violence increasing and limited job opportunities, we're going down the right road. But if we want to prevent some of these costs to society, then we have to implement something that will be very worthwhile and that will have a better impact for a longer period of time.

**Mr. Andrew DeFour:** I'd like to chime in for a second.

There is a grey area in terms of seniors. There are seniors who are not at the stage of either dementia or Alzheimer's; they haven't been diagnosed. Whatever system that we put in place, we have to keep in mind that they are still functioning the way they normally function, except they do have some cognitive disabilities. Sometimes that's not recognized, especially with the telephone system we have in place now with Canada Post. Even if a senior who has onset of dementia does make contact, they will have a challenge in communicating and getting the services they need.

In our policy prescriptions, we have to think hard on how we address this issue as a result of the fact that they've been used to having this service, and as Canadian taxpayers they should be due to have this service that meets their needs.

[Translation]

**Ms. Karine Trudel:** My next question is for Mr. Ratnani.

Earlier we considered the subject of increased parcel rates. The current system is universal, but permits deliveries everywhere. We mentioned Purolator, but it does not deliver to certain municipalities. Canada Post goes there when the distance that must be travelled reaches a certain number of kilometers.

The report states that rates must be increased. I would like to know what impact that might have on your company.

**Mr. Hicham Ratnani :** Rate increases are something we have always studied. The reality is that you have to stay competitive. In fact, I consider it normal for certain rates to increase. However, they must be increased in a reasonable way. Inflation also plays a role every year. I think it is normal for certain adjustments to be made. However, it must be done sensibly and gradually and should not hurt business in general.

We ship parcels to far northern Quebec. Some people are very well dressed in Nunavut. Some make purchases from Frank + Oak. If we ship a parcel via UPS or FedEx, they hand the box over to Canada Post. An improvement is needed, but I do not know the right method to use in these circumstances.

• (1120)

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

[English]

Mr. Whalen for seven minutes, please.

**Mr. Nick Whalen:** Thank you, Mr. Chair.

Thank you all for coming here today. I have a couple of different sets of questions, so hopefully we can be quick in our answers.

One of the mandates of government policy creation that comes out of the good work of the ministry of the Status of Women is that we should be engaged in gender-based analysis plus, which not only looks at the differences between men and women, but also age categories, levels of physical ability, and other identifiable factors within our community. I'm glad you're all able to come here today to help us and to speak with us about this.

Do any of your groups have any particular data related to assaults, or harm, or accidents occurring, and the differences between urban areas where we have door-to-door delivery still, versus the 75% of areas in the country where people have to go to the community mailboxes? Do any of your groups have any hard data on that? Have you collected it?

**Ms. Carmela Hutchison:** We don't get a lot of data funding and data collection. Probably the only really half-decent study is the StatsCan one on criminal victimization. It has disability embedded within that. That's the only study that exists out there, and it doesn't point specifically at....

I have a few little scraps—this little article about a box that was vandalized, or this little article about somebody who was assaulted at a box—but they're just little pieces.

**Mr. Nick Whalen:** It is somewhat unfortunate if we have this policy directive, and at the same we don't have the data collection to help us make the decisions. It makes it difficult.

**Ms. Carmela Hutchison:** Yes, and it's hard to monitor. It really is. We don't get the funding for it either, and everything we do is off the side of our desk.

**Mr. Nick Whalen:** In terms of delivery models that might get us away from a need to prove disability to the postal service and be entitled to it, would your groups be open to something like paying more for door-to-door delivery, where you get it back in terms of tax rebate, or some other type of model whereby people who want to pay more for a higher level of service can acquire it, and then people who are entitled to it on another basis would then get those funds back? Is that something your groups would be interested in?

Maybe we can start with Ms. Pelletier and then move to Mr. Lavigne.

**Ms. Ruth Pelletier:** I would express concern, because we have a good number of seniors who are living practically below the poverty level. We're trying to encourage them all to apply for the GIS, because it isn't automatic. So that would be a hardship.

There is a belief among Canadians that mail is a right, and it's something that's always been there. Back in the days when we didn't have vehicles and electricity, we counted on our mail delivery through rain, snow, sleet, and hail. We got it. There is a sector of society that feels it should still be coming, and why should they have to pay a premium?

**Mr. Nick Whalen:** It is a part of our Canadianness.

Mr. Lavigne.

[*Translation*]

**Mr. Richard Lavigne :** As far as we are concerned, first, it would be unacceptable to have to pay more for a service because you have functional limitations. It is a recognized principle that a limitation should mean you pay as little as possible.

Second, the vast majority of people we represent live below the poverty line, and, to be able to obtain tax credits, first, you unfortunately have to pay taxes. In our view, the concept of a non-refundable tax credit, as opposed to a refundable tax credit, presents a number of stumbling blocks. Other arrangements may be proposed than overbilling people for a service because they share a particular characteristic. That is unacceptable in our world.

[*English*]

**Mr. Nick Whalen:** Thank you very much for your answers. It's important for me to ask those questions and get those answers into the record.

This operates as a good segue to you, Mr. Ratnani. We've heard different things today from what we heard in Ottawa. When we look at our task force report, it really looks at a contraction of the services offered by Canada Post, yet today we've heard a number of people talk about expansions of the service, new ways to deliver the service, weekend deliveries, nighttime deliveries, and the failure to do that might actually lead to other competition arising.

My question for you, Mr. Ratnani, is twofold. Is there a business opportunity for Canada Post to expand its package delivery service to thereby take advantage of this transformation in the marketplace? If that opportunity exists, should we maybe have a regulator in place instead that would allow private companies to have to deliver to particular service levels, meet particular area requirements, so that if they want to participate in this market they must also go to rural Canada? How would that affect your business? I think it would be a good proxy for how it would affect future business in Canada.

• (1125)

**Mr. Hicham Ratnani:** I would say on the first question, regarding service levels, there is no doubt that there is a massive opportunity to do that. With the Delivered Tonight service, we actually deliver on the weekends, and it delights our customers. When customers are delighted, they will buy more and therefore give more money to a Canadian company.

I think there is an interesting opportunity. You have other carriers that are trying to innovate. No one has been able to do the service level that Canada Post is doing. I actually think we should do more of it. I like the suggestion that one of my colleagues had, that we could offer employment opportunities for people over the weekends or at night. I think this is very interesting. I think Canada Post already charges extra for this sort of service, but there is a way to optimize all that so that it makes sense for businesses today and tomorrow.

With regard to your second question, I think it's an interesting point. The question is, do we want the market for post to be regulated or not? I think that's a question for you fine folks. For example, as I said earlier, UPS and FedEx will give packages to Canada Post to be shipped in rural Canada and will charge extra for it. What are the right conditions for that? If I compare it to the U.S., there are extra fees to ship packages with, let's say, FedEx or UPS in Hawaii or Puerto Rico, or all those places, whereas with USPS, they have different tariffs. I think there is a way to optimize the entire shipping grid for everyone.

**Mr. Nick Whalen:** Thank you, Mr. Ratnani.

I'd like to add that I think Canada Post is really a part of what it means to be Canadian for people, and for any changes we make to the service, we value the input you have given us on it.

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

We'll go to our last two interventions, which will be five minutes in total.

[*Translation*]

Mr. Gourde, you have the floor.

You have five minutes.

**Mr. Jacques Gourde:** Thank you, Mr. Chair.

I also think that people with reduced mobility, regardless of their age—we talked about older persons, but people can be 30 years old and have real mobility problems—should have access to their mail. Unfortunately, there is no home delivery in my constituency, except in the rural areas. However, for a person with reduced mobility who finds himself 200 metres from his house, and 50-tonne mastodons are passing by 1.3 metres from the public thoroughfare, I can tell you that is no safer than getting to a mailbox.

I was pleased to learn this morning that Canada Post was offering a service to those individuals. I am going to check and see whether we are entitled to the same services in my constituency in view of the fact that we do not have home delivery.

On the other hand, Mr. Lavigne mentioned other possibilities. I believe Canada Post will be expanding the service, but if it is offered more than once a week, the corporation will charge higher rates. Perhaps the mail could be delivered every day in exchange for a sum of money. I do not know whether that is the direction that will be taken.

Mr. Lavigne, you mentioned other ways of helping these people, rather than increasing rates. Other solutions must be found. You did not finish what you started to say earlier. I would like you to say more about that, please.

**M. Richard Lavigne :** They say the postal organizations in certain countries offer other services to the public, such as the delivery of pharmaceutical products. Some pharmacies and grocery stores, for example, must deliver their products to their customers. Other services might enable Canada Post to enter into agreements that would help it balance its budget.

That might also provide more hours of work for employees who make the deliveries. This is an idea that I am throwing out there. I have not examined the matter. What concerns us is that the

corporation first considers abolishing services before looking for solutions.

**Mr. Jacques Gourde:** Pharmacists already provide drug delivery service in rural areas. In my constituency, at least, that service is very well covered by the pharmacies. When you go to the doctor, for example, the pharmacy takes over. Some grocery stores offered delivery service, but that practice has virtually been abandoned.

I think that will be a major challenge. Thank you for your testimony. It is really important that we be able to emphasize, in our report, how important it is for Canada Post to take into consideration what people in your situation experience. The corporation will have to take the time to reflect.

Approximately 95% of the population of Canada are, to varying degrees, capable of going to pick up their mail. There will always be the remaining five per cent. Within the next 20 years, the demographic situation will leave us no choice. It may have changed by 2050, but we will undoubtedly not be here to see. Postal service must be provided to the public for at least the next 30 years. In conclusion, I want to thank you. Your testimony this morning will be very useful for the future.

• (1130)

[*English*]

**The Chair:** We go to our final intervention.

You have five minutes, Ms. Ratansi.

**Ms. Yasmin Ratansi:** Thank you, Chair.

Thank you to all for being here. You have changed the conversation, actually.

Madam Pelletier changed the conversation from a purely financial prospect to a social prospect. Nobody looks at the flip side of the coin. I thank you all for being here.

I used to be the chair of the Standing Committee on the Status of Women. I appreciate your insight into the disability, into the violence; people don't realize it. You made us realize that the postal worker is really a social service person. He or she is there, communicating. There's isolation within the senior population, with the disabled population. That's what the corporation forgot to look at.

We had people from the labour union saying that for 14 years it was working perfectly. Suddenly, a change in management came about and that management decided, maybe, that it would take this route to privatize it, and we don't even know what their thought process was. I'm so glad you're all here, doing this.

I'm so glad, Mr. Ratnani, for your insight. The Canada Post workers tell us they believe in the corporation, but the corporation management doesn't believe in it. How do we match the two?

We're thankful that we were able to get you guys here. We're thankful that we stopped the five-point plan right in its centre, because it is not looking at the other population needs.

I have a specific question. I think the comment by Mr. Lavigne was that Canada Post told us that they will do accommodations, accommodation for people with disabilities, accommodation for people who are seniors, etc. But you tell me it's difficult for you to get an accommodation letter. How is Canada Post going to notify seniors unless they are living in a senior building? How do they notify people with disabilities? Do you have any idea? Could you give us your thinking on that?

[*Translation*]

**Mr. Richard Lavigne:** It will be difficult to determine the types of needs. It is often very difficult to obtain medical or social evaluations in other areas. We already request them from many people for many purposes, and now mail will be added to that list. What concerns us is that, in addition to requiring a certificate, Canada Post could cite all kinds of grounds for not allowing it.

However, there will be no mechanism for appealing a decision that we feel is unfair. I do not believe Canada Post currently has the ability or medical and social skills to determine what accommodations are required for persons with given limitations. It would be dreaming in colour to think it will all be done easily.

[*English*]

**Ms. Yasmin Ratansi:** *Merci.*

Mr. Ratnani, you brought in a very different perspective on the parcel business, focusing on Purolator. How do you see it going forward? There was another gentleman who said that this is the fourth revolution, the e-commerce, and that Canada Post must take advantage of it. Have you any thoughts on this? Canada Post is in the business of logistics and it has the best logistical network.

**Mr. Hicham Ratnani:** Yes, I completely agree. There is no doubt that, although the majority of commerce is offline, the statistics don't lie. There is a significant increase in commerce being done online, whether it's desktop or mobile, especially with this generation of people. Amazon announced that they would be selling cars soon. In other words, every single thing is moving online, and so there is a massive opportunity for Canada Post to innovate on that front.

It is interesting that there have been moves with Purolator, and with SCI, so now I would question how this all fit together. Purolator

is a very interesting service, as is SCI. I think there is confusion sometimes within Canada Post, and as a customer I have felt it and I have voiced it. Now there is an opportunity to take all of this together and move forward so as to compete at a larger scale. There is a massive opportunity internationally as well, to ship abroad. Canada can be an even larger exporter of its great products, and that's where Canada Post can do even more in today's economy.

• (1135)

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

First, should the committee have any further questions for you, would you entertain those questions? Would we be allowed to phone you?

**A voice:** Mr. Chair—

**The Chair:** Please, sir.

Second, witnesses, should you have any additional information that you wish to provide to the committee, please direct that to our clerk.

Last, I would point out that there is a website that will be operational later this afternoon with an online questionnaire and a survey that all Canadians would be able to access. It is a closed-question survey, but it gives an opportunity for everyone to provide their additional commentary. We are looking to get as many of those surveys and questionnaires completed as possible from coast to coast to coast.

**A voice:** [*Inaudible—Editor*], sir. Why will you not take a simple vote with your committee now and add two minutes—

**The Chair:** We haven't got the time, sir. We are scheduled to be in Blainville—

**A voice:** [*Inaudible—Editor*]

**The Chair:** You are out of order, sir. Please.

We are adjourned.









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