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Chair

Mr. Tom Lukiwski

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• (1410)

[English]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Colleagues, ladies and gentlemen, I think we'll commence, even though we're missing one of our panellists. In fairness to the panellists who are here, we'll get going.

Mr. Aaron Wudrick, from the Canadian Taxpayers Federation, is scheduled to appear as a panellist. However, I think he might be having some difficulty finding the location, as we did. We'll commence anyway, and, if shows up, then we'll certainly incorporate him into the testimony. Rather than delay the entire proceedings for the afternoon, I think we'll begin.

Mr. Sinclair, I'm not sure if you've been following the proceedings. Basically, it's a fairly straightforward procedure that we follow. We'll ask you to make an opening statement. We've been asking all panellists to keep their remarks to five minutes or less, if that's possible, and that will be followed by a series of questions from our committee members.

We are scheduled for an hour. If Mr. Wudrick does show up in the middle of that, we'll allow him to make his presentation and, as I say, weave him into the process of questions and answers.

With that being said, Mr. Sinclair, the floor is yours for your opening statement.

Mr. Art Sinclair (Vice-President, Greater Kitchener Waterloo Chamber of Commerce): Thank you very much, Chair and members of the committee.

As a representative of a local business community, my name is Art Sinclair and I'm vice-president of the Greater Kitchener Waterloo Chamber of Commerce. We'd like to thank you for including our municipality on your tour. I notice from your agenda that you're not staying here very long so you won't be able to sample our excellent hospitality and accommodations here in the greater Kitchener-Waterloo area. I would welcome you back at any point in the future because we have some excellent eating establishments and accommodations and some great businesses in this community.

I've reviewed the report submitted to the government in the past couple of weeks on Canada Post. I believe it's called "Canada Post in the digital age". I want to make some general comments about some of the highlights and some of the issues that are of most interest to us as a business community. Then I believe you'll probably be asking questions more on the specific areas that you've outlined as being crucial to your discussion.

As I think I mentioned to a few people here in the past few minutes, all chambers of commerce and boards of trade across Canada were in Regina two weeks ago for our annual general meeting. One of our sessions was with Ms. Bertrand, who was the chair of the task force reviewing Canada Post. As you may be aware, she is also the president and CEO of the Quebec Federation of Chambers of Commerce. Ms. Bertrand made a brief presentation at the Canadian Chamber of Commerce annual general meeting, and she made one particularly memorable point that I think is very interesting. She said that Canada Post in the 21st century needs to operate with a 21st century business model. I think that point is inferred on a number of occasions throughout the report. I think overall that is the key consideration here: Canada Post operating in the 21st century needs a 21st century business model. Ms. Bertrand made this clear as well.

I'll go over some of the points that are of interest to us obviously as a business community. The report points out there are a number of businesses across Canada that are moving to the digital age. The key consideration here with digital technology is that in terms of direct marketing mail, which a number of businesses used to use, they are now using Internet and other forms of technology to more directly target their customers. Of course, a key challenge for Canada Post moving forward is that competition with digital technology.

Ms. Bertrand also noted to the media recently that after the review of Canada Post, their committee's observation was that the transition for Canada Post moving from mail to parcels has been a mess. She said that if most Canadians knew how fast that was.... They don't know. I think a lot of people would be surprised at how fast Canada Post is in transition. That's a key consideration moving forward.

One other issue goes back to the whole issue of a 21st century business model for a 21st century organization. In discussing evolving technologies, I think the term used in here was “disruptive technologies”. Some of us in the business community find that term disruptive technology to be ironic, particularly here where we have a number of IT firm start-ups that develop new technologies, spend hundreds of thousands, if not millions, of dollars developing new technologies; and they come on the market and they're called disruptive. That can be discouraging. In this whole issue of the technologies that cut into Canada Post's business, the point was made on a number of occasions in the report that what Canada Post is doing is delivering less mail to more addresses.

From a business perspective, we study this quite frequently. It goes back to the whole notion of productivity. This isn't just a challenge for Canada Post, this is a challenge for all businesses across Canada. How do we operate more efficiently? I think the task force has done a good job of identifying that as being a major challenge moving forward. Since Canada Post is delivering less mail to more addresses, how does Canada Post deal with that in the future?

● (1415)

To follow up on that, of particular interest to us were pages 43 and 57.

On page 43, Ernst & Young conclude that, “...Canada Post is facing an uncertain financial future. The current model is no longer sustainable over the medium and long terms with projected annual losses of over \$700 million by 2026.” It also noted that costs are increasing as its delivery network expands to cover 170,000 new addresses every year... Direct marketing has started to decline as businesses are using digital channels to reach their clients. Parcel volumes are increasing but revenues will not cover the corporation's rising costs in other areas.

Furthermore, on page 57 of the report, it is noted that:

The current business model of the Corporation does not generate sufficient income and cash to finance the realignment needed to continue its journey from a letter-centric to a parcel-centric business, let alone remain a self-sustaining business post realignment.

I think that is key from a high-level perspective without going into details. It's a challenge providing a model that is self-sustaining at the same time as serving all the stakeholder groups.

My final point is with the negotiations over the past few months between CUPW and Canada Post.

I think we've all seen a lot of media reports about what the impact was going to be of a possible work stoppage on not only the Canadian business community but just Canadians in general. I think there was a lot of attention paid to the matter of what percentage, proportion, or what sector of the national business sector would be most impacted by a Canada Post labour disruption.

The Chair: Wrap it up quickly, if you could, sir.

Mr. Art Sinclair: I have one final point.

I believe you probably heard from the Canadian Federation of Independent Business that said 98% of their members still use Canada Post. So my recommendation would be for the committee, as

you move forward looking at the impact of Canada Post and their new operations and realignments on the business sector, that you have to look at the impact on small businesses.

Thank you very much.

The Chair: Thank you, sir.

We'll go into our seven-minute round of questions.

We'll start with Ms. Ratansi.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Thank you for being here, and thank you for reiterating what the task force said. The task force was before us, and we did meet with them and discuss their findings with them. Basically, this is a discussion paper from the task force.

Our mandate is to listen to all segments of the population. Unfortunately, the management of Canada Post was arrogant enough not to consult, and that is why we are in the situation we are today where we have to go around the country and do the job that the Canada Post Corporation should have done.

You talked about what the task force has said, but as the Chamber of Commerce, could you tell me what your membership is saying to you about whether they use Canada Post, how often they use it, and what they see as the synergy between them and Canada Post?

● (1420)

Mr. Art Sinclair: Again, it's the small business sector that we've heard from. The larger businesses—for example, one of our major employers and members is BlackBerry—do everything electronically.

It's interesting when we get into that definition of what a small business is. I believe, generally, a small business is 100 employees and under, a medium business is 100 to 500, and a large employer has 500.

Ms. Yasmin Ratansi: What did the small business sector tell you?

Mr. Art Sinclair: They tell us that they still use Canada Post.

Ms. Yasmin Ratansi: And do they like the service, or would they like to see some changes in the service model?

Mr. Art Sinclair: I mean, there are complaints about the speed of getting a package, say, from Kitchener up to Halifax.

Their key consideration is cheques. If they have an invoice going out and they have a cheque coming back, that's their concern.

Ms. Yasmin Ratansi: One of the recommendations that the task force made was that it has to have alternate day delivery. The businesses tell us that won't work for them.

What are your thoughts on that?

Mr. Art Sinclair: I believe there was reference in the report to maybe tiered pricing where, in fact, you look at different types of pricing for different types of services.

Ms. Yasmin Ratansi: No, one of the suggestions of the task force and the five-point plan that Canada Post had is to do alternate day delivery. When we were asking that of businesses just this morning, they refused. They said they cannot afford it because, for them, cheques and invoices have to have timely delivery.

I guess we are in a conundrum, because we're listening to everybody. Canada Post is recommending something, and the task force is saying that this is a good recommendation. What would you suggest we do as a compromise?

Mr. Art Sinclair: I would agree that alternate day service would not be viable. I think we need regular daily service.

I would say, and this is based on some feedback, that people will pay if it's competitive. If they get good service, and if it's competitive with the competition, then they'll look at it, because, of course—

Ms. Yasmin Ratansi: In the mail delivery system, there is no competition because Canada Post is a crown corporation and that's its job. It has the logistical environment and the infrastructure in place. If the competition ever came in, then would your suggestion be to privatize?

Mr. Art Sinclair: I was thinking of competition in terms of parcels. The competition is Purolator. In the business community, particularly for companies that do online service, where people order things from them online, they have a number of options to deliver their goods to the customer.

Ms. Yasmin Ratansi: It was interesting, because when we talk about the uncertain financial picture of Canada Post...we had a professor who did a whole review of it. She said that the Ernst & Young report said the projection is \$63 million in deficit, yet in the first quarter it has made \$45 million in profit, which is a \$108-million turnaround.

With the discrepancy between people, the union doesn't buy the figures. We haven't sat down and looked at the figures. The bottom line is that those are Canada Post's figures. When it comes to sustainability, there's a whole division as to whether Canada Post is sustainable or not. There's also \$650 million in corporate executive salaries. We have to balance the whole thing.

The professor also made an interesting comment. She that Canada Post management lacks imagination. It cannot think outside the box. The only thing it thinks to do is cut labour costs.

You were with the Chamber of Commerce. You have a lot of creative, innovative businesses. What are some of the innovative solutions that balance Canada Post as a business and as a service?

Mr. Art Sinclair: I have somewhat of a background in government. Going back 20 years there was a fundamental shift in the way government in North America operates. It wasn't just here with Paul Martin in Ottawa and Mike Harris in Ontario, but even with Bill Clinton in the United States.

I think we started going in to a paradigm that government is not going to be all things to all people. Government has identified what the priorities are for government. What should the government deliver? What should the private sector deliver?

I think that's the key challenge for Canada Post going forward. What are the key businesses, what are the priorities, what is Canada

Post going to do, what is Canada Post going to do well, how is Canada Post going to deliver that service cost efficiently, and what services should Purolator or the private sector competitors in parcel delivery be doing?

•(1425)

Ms. Yasmin Ratansi: The operation review should have taken Canada Post as a business, but also as a service, because that's a symbol. It is Canada Post that goes the last mile. The last mile means where there's no road, and Canada Post goes and delivers.

We are a very large country, and we have to be mindful of the remote areas. If we want to keep Canadians connected, we need to think of innovative ways to make Canada Post relevant.

Mr. Art Sinclair: I agree with that. In the analogy there, you're talking about the last mile. The model we're most familiar with here in the province of Ontario is Ontario Hydro. A hundred years ago, Sir Adam Beck, who grew up by the way in Kitchener-Waterloo, but is notably from London, and he moved there as a young person....

Ontario Hydro, or the Government of Ontario, decided that as a utility they were going to deliver electricity as an economic development to all of Ontario. That was 100 years ago, and as anybody here on this panel from the province of Ontario knows, we have serious electricity distribution problems in the province of Ontario right now with costs, production, and our economic competitiveness.

That is the key challenge. How do you serve everybody in a cost-effective nature? It's the same thing with transportation in Canada. We have remote areas that need service, but the airports cannot do it by themselves without some type of subsidy. I think that's what we have to look at.

The Chair: Thank you very much.

Mr. McCauley, for seven minutes.

Mr. Kelly McCauley (Edmonton West, CPC): Mr. Sinclair, thanks for being with us today. As a former resident of Kitchener, I can say it's a pleasure to be back here—

Mr. Art Sinclair: Well it's a pleasure to have you back, sir.

Mr. Kelly McCauley: The place looks fabulous.

We've chatted a lot, obviously about Canada Post and financing, and we've had a whole slew of...I can only call them self-interest or special interest groups, saying give us more, give us more, don't charge more; we want more, but pass the cost on to someone else.

The results of the task force are based around self-sufficiency for Canada Post. Representing job creators, business people in the area, I'd like to hear your opinion on whether businesses are looking to maintain what they currently have but are willing to pay more for stamps or higher costs. Or, do they believe the taxpayers in general should subsidize businesses to keep things low, or should we continue to look for alternatives?

Mr. Art Sinclair: Yes, that's a good point.

I would refer back to a former board member of ours at the chamber of commerce, somebody who was in the manufacturing sector for years. He always put it this way, particularly with municipal property taxes, because property taxes tend to go up every year. He said, "If I'm paying more, I should get more." That, I think, is the approach of a lot of businesses. If they pay more, they want more. The idea of paying more for status quo is difficult for a lot of businesses to comprehend.

Following up on the previous question, people will pay good money for good services or if there's tangible evidence that there's an improvement in service. You know, what are some of the metrics that businesses are measured by? How fast can they get my product to the customer? What's the cost relative to the competitors? How fast are they getting stuff back to me? It's all of those metrics.

If Canada Post at the end of the day can prove to the business community, and taxpayers in general, that there are improvements in service delivery, I think people will support the corporation. It goes back to the point I made earlier about the realignment of government services back in the 1990s. I was with the provincial government at the time, the Ontario government, and we started doing something called business planning. Up until that point in time, nobody did that. Now, every ministry in the Ontario government, municipal governments, everybody, has a business plan.

What's the key element of a business plan now? It's performance metrics. How are you improving this year over last year? I think one of the key considerations moving forward is the performance metrics for Canada Post, and demonstrating to the business community, whether it's small businesses here in Ontario, Northwest Territories, the Yukon, or British Columbia.... If you're performing better, we'll support you.

I think another point is that the task force talked about the sentimentality of Canada Post. On the personal side, do you still want to send Christmas cards, do you still want to send gifts? I think that's an interesting thing. I think there's an indication out there that this is different; this is a different public service.

• (1430)

Mr. Kelly McCauley: Well what we've seen with the survey that they've done, and it was a huge survey, is that people want to continue to send mail. They do not want to pay more for stamps. They do not want to pay higher taxes to support Canada Post. No one is willing to give on the other side, and you can't push and pull at the same time.

Unfortunately, a lot of the feedback we are getting is give us more, give us more, but, by the way, someone else should pay. In the end, it's one payer: the taxpayers, businesses, and general people.

Mr. Art Sinclair: Yes, in Canada, there are three levels of government, one taxpayer.

Mr. Kelly McCauley: Yes.

I appreciate your point of view, and it's great to be in Kitchener, the home of BlackBerry.

When we talk about disruption and what we're going through now with Canada Post, we've seen BlackBerry go from zero to huge mountaintops and back down to zero again. Things can't stay the same. A perfect lesson is trying to keep things staying the same without ever adjusting, whether it's the workforce or business plans or anything else.

Mr. Art Sinclair: I think that is another important lesson for Canada Post.

We constantly hear from the BlackBerrys, Tom Jenkins at OpenText. The larger technology companies say that once you quit innovation, you might as well shut your doors. You are constantly innovating, particularly, for example, in the market that BlackBerry is in. You come out with a new product, and two months later your competitors have something they say is better, and a lot of customers say they like it better too. That's the environment that a lot of businesses are in, not just the IT sectors, but everybody. You constantly have to innovate, because if you don't, you fall by.

I think that's an important lesson for Canada Post, or any other government agency as well. You have to be innovative or you're left behind. In this case, if Purolator and all their competitors are innovative and out there saying "here's what we're offering our customers", if Canada Post is maintaining the status quo, they're left behind.

The Chair: Thank you.

Mr. Weir, for seven minutes.

Mr. Erin Weir (Regina—Lewvan, NDP): Mr. Chair, I'm struck by the fact that we've got one panellist up at the front now and four waiting for the next hour. I'm wondering if it might be possible or advisable to have another town member contribute during this segment.

The Chair: I think, Mr. Weir, since we've started with this section, my plan was to go around the table so every committee member has one chance to ask questions of Mr. Sinclair, then we'll bring the next panel up. And now you have no more time... No.

Mr. Erin Weir: Okay, I don't mind sacrificing some of my time for that. I only wanted to get that straightened out.

Mr. Sinclair, you mentioned the importance of improved service in response to the increased cost of stamps. It would seem to me that one part of good service could be door-to-door delivery. I'm wondering if you have any thoughts on the whole debate about home delivery versus community mailboxes.

Mr. Art Sinclair: Not really. From the business community's perspective, I think generally that would be more in the line of a residential issue. There may be a lot of businesses where their residences might lose it. From my perspective in terms of Canada Post issues, that hasn't been one....

Mr. Erin Weir: You're more or less agnostic on that one.

Another issue I wanted to get into is because you quoted from the task force report that is quite seized with the idea that Canada Post has a huge unfunded pension liability and that this requires all sorts of cuts and restructuring. Of course, that calculation is based on a solvency valuation, which is a fairly extreme assumption of winding up a pension plan and having to pay out all of the benefits at once. The point was made by another witness this morning that if we looked at it on a growing concern basis, Canada Post's pension is actually in surplus. Provincially, in Ontario, the government has allowed pensions that are jointly sponsored to not have to make solvency payments. Do you think that might be a reasonable approach for the federal government to take with Canada Post as well?

• (1435)

Mr. Art Sinclair: That's kind of difficult for me, not being an actuary and not having a lot of familiarity with the mechanisms of pension funds.

What I will say is there is a concern from the perspective of the business community. This is one area where I think a lot of businesses are going to look at this and say, "Yeah, there are some serious issues here" because, as you know, we've had a serious debate in Canada over the last number of years, and in Ontario there's been quite a deficit because the Ontario government wanted to do a provincial plan. We've heard from a lot of our members, and particularly David Chilton, who some of you may know as he used to be on *Dragons' Den* and is fairly knowledgeable in the pension field. He spoke at our chamber of commerce about three or four months ago, and said the number one issue in the pension debate that's been ignored and shouldn't have been is the gap between public sector and private sector pensions.

I would think some of our employers would look at the situation with Canada Post and say that's something you have to address because, generally, private sector pensions lag behind public sector pensions, and we've ignored that debate over the last two or three years. We've been talking about, in the province of Ontario, who pays into the Ontario pension plan and who doesn't, but we just kind of missed the debate on the gap between public and private sector pensions.

Mr. Erin Weir: Generally, private employers don't have pension plans, so it becomes a question of whether you take away public sector pensions so that no one has them or try to expand them to everyone. I suppose that's a broader debate than the Canada Post situation.

Mr. Art Sinclair: That would be the response, I think, from the business community, the issue is the gap between public and private pensions.

Mr. Erin Weir: Certainly.

Another topic that our committee is considering is the possibility of trying to use Canada Post's infrastructure, its network of offices

across the country, to move into different lines of business. I wonder if you had any thoughts about the possibility of offering financial services through post offices.

Mr. Art Sinclair: Yes, I found that quite interesting. My initial response is—and I think you would hear this from the banking community—does the banking community need more competition, particularly from the government? I think there was reference to doing some type of partnership with Purolator. In the business community, we support P3s, public-private partnerships, for infrastructure; they're a great idea. They may be appropriate for service delivery.

But then again, the other side is this: I know one of our local MPs has held pre-budget meetings on a number of occasions, and frequently he has people from the banking community in rural areas of the Waterloo region. We have three cities and four rural townships, so we have a very diversified economy here. The point that's often brought up with the banking community in rural Ontario is, why is the Government of Canada loaning money to farmers through the Farm Credit corporation? I think the explanation is, number one, the federal government is probably making some money doing this. The traditional response from the banking community is, "Gosh, there's available credit out there for farmers through the banks; why does the Government of Canada need to be in the line of business of loaning money to farmers?" Some farmers will come back and say, "Well, yeah, I went to the Royal Bank and they wouldn't give money, so I went to the Farm Credit corporation and they did." So I can see some arguments there.

Does Canada Post need to be competing where the private sector doesn't need competition? In terms of this idea of Canada Post getting into banking, I read the report and I wasn't exactly sure. There are a lot more questions there than answers. Of course, this is just a preliminary discussion paper, but I would warn, moving forward, that we exercise some caution in terms of who does Canada Post want to compete against? I think that's a key consideration.

Going back to what I said earlier, by identifying the priority areas for Canada Post or any other government agency, it comes to issue of, does the Government of Canada, or the Government of Ontario, or the Regional Municipality of Waterloo need to be in that area when somebody else is already doing it? I think that's really a key consideration moving forward.

The Chair: Thank you very much.

Mr. Whalen, seven minutes, please.

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

Thank you for coming, Mr. Sinclair. It's a beautiful time of year here in Kitchener-Waterloo and I hope you all have a wonderful Oktoberfest next weekend.

Mr. Art Sinclair: Oh, we will.

Mr. Nick Whalen: I'm sorry I will be missing it. It's always a good time.

Thinking about the future, we look at the task force report and it paints a pretty gloomy picture. Even if it's wrong by a few percentage points, there are very slim margins for a very high-revenue business, so there's a lot of risk baked in. If we're thinking about potential future opportunities, I look at some of the things we've talked about in previous editions of the committee, possibilities for expanded service offerings. People have talked about evening and weekend delivery for Canada Post, taking it in the other direction to offer more interesting e-commerce solutions. Maybe there's an opportunity for logistics fulfillment and delivery.

Do you feel that your members would take advantage of those types of services, back-end logistics services or delivery? Are there e-commerce companies here in the Kitchener-Waterloo area that would like to see an expanded service offering from Canada Post?

● (1440)

Mr. Art Sinclair: Yes, I think so, just generally if it was cost-competitive and convenient, if Canada Post was offering a service that Purolator wasn't, or at different times than Purolator. I probably shouldn't use Purolator as an example all the time; there are other—

Mr. Nick Whalen: Well, Purolator is 92%-owned by Canada Post, so it's an interesting situation there.

Mr. Art Sinclair: Yes, if it's filling a need in the marketplace that's not being filled, then certainly I think our members would use it.

Mr. Nick Whalen: What if it's an area that's fulfilled in foreign markets already but just not fulfilled domestically? What type of risk tolerance do you think we should have, or that your members would allow Canada Post to have, to compete in logistics delivery, that maybe is not delivered in Canada but is delivered south of the border already?

Mr. Art Sinclair: From our perspective, we have a lot of start-up companies in the IT sector here. They have a high level of risk tolerance, probably the highest in Canada. So, sure, risk is part of doing business. If government agencies want to start taking risks, then I think a lot of people in the business community would accept that; it's part of doing business.

In this community, we have a high tolerance for risk, so if Canada Post wants to go out there....

We have discussions quite regularly with the universities, and the universities are far more risk-tolerant now than they were 30 or 40 years ago. They go into a lot of ventures and they take a lot of risks. Again, I don't know, our community might be a bit different from some other communities across Canada, but if Canada Post wants to start taking those risks.... I think you made a good point, if other countries are offering it, well, what are they doing right and what are they doing wrong? And whatever they're doing right, that's what we'd do here in Canada.

Mr. Nick Whalen: Not all regions of the country get these based around a world-class research institution like yours, but there are farming communities in what you call the greater Kitchener-Waterloo area. Are there any gaps in service delivery out there? Do you see, as we've seen in other parts of Ontario, that banks are retracting their local service offerings and people have to travel farther and farther to get the day-to-day services they need, or is service availability still pretty widespread throughout the area?

Mr. Art Sinclair: We're pretty well serviced in this area. As I said before, we have three cities: Kitchener, Waterloo, and Cambridge, and four townships: Wellesley, Wilmot, Woolwich, the three Ws, and North Dumfries: three cities, four rural townships.

Generally the service delivery here...and I think this is generally applicable across rural Canada and rural Ontario, if you're in a rural area the closer you are to an urban area there's a good chance you have better service delivery. That includes everything from education to health care. I think it's well known in Canada the closer you are to an urban centre, the better the quality of health care you're going to have.

Particularly with us, it's not a big issue. West of here, for example, Huron County, which is right on the shores of Lake Huron, has a serious issue because there's no major urban centre. So the service delivery in that municipality is significantly less and we're talking pretty well across the entire federal-provincial-municipal portfolios.

Mr. Nick Whalen: If we look back at the history of Canada Post, it provided direct mail and brought the world to rural towns all across Canada for the first couple of hundred years of its existence before it branched out and became a private corporation mandated to be self-sufficient. Is there a nation-building role for Canada Post to bring e-commerce, logistics, and telecommunication services to those rural areas so they can participate in the global economy the way Kitchener-Waterloo can?

Mr. Art Sinclair: Sure, could be, under one condition. You're innovative. You're out front of the competition rather than being behind. We talk about the culture of innovation all the time in Waterloo region. As I said in answering the earlier question, you have to have that culture that we are always looking at innovation, that what we're doing today is not sufficient. We have to move forward.

I think it's like the business community, you say the customer is always right. You always have to be looking at the innovation portfolio. So if Canada Post is an innovator, we're all for it.

● (1445)

Mr. Nick Whalen: Mr. Sinclair, I'm not sure if you're aware, but Canada Post has three subsidiaries that offer slightly different business models in the core of Canada Post. It has a logistics company. It has Innovapost; I think it does some direct mail. It also has Purolator, which competes on the parcel line. Do you think this internal, intercorporate competition is a good thing or do you think it raises ethical concerns about self-healing?

Mr. Art Sinclair: Are there ethical concerns about the government being in an area where the private sector is? As long as it's competitive, because traditionally—and I know we had serious issues with this in the provincial government—sometimes the province will go in and sometimes the federal government will go in and undercut the competition. Purolator is doing it for \$10 and then all of a sudden Canada Post comes in at \$5. That is where you get into the ethical debate.

If it's \$1, 50¢, yes, okay you have a competitive playing field, but when you have a government organization like Canada Post that cuts in at half the cost of the private sector competitors, that's where you're going to have your issues and pushback from the private sector.

Mr. Nick Whalen: Thank you very much, Mr. Sinclair.

The Chair: Thank you very much.

Mr. Brassard, you have five minutes, please.

Mr. John Brassard (Barrie—Innisfil, CPC): Thank you, Mr. Chair.

Mr. Sinclair, I really enjoyed your presentation today and the way you answered the questions. One of his expressions—and I heard this from the president of IBM when he spoke in Barrie—was you either innovate or you die. You mentioned something similar to that.

Part of what we're studying with this cross-country tour is potential areas where Canada Post can innovate. We are arguably in the centre of the most innovative place in Canada. Given your experience here, how or where are some of the areas, and what are some of the things that Canada Post can do to innovate and make it itself more competitive going forward?

Mr. Art Sinclair: I know some of the areas. I'm just looking at a list here of things they've identified. One of the things they're talking about is going to franchising outlets. Generally speaking, I know some people who have a similar arrangement with the provincial government in terms of driver's licences and health cards, and I've been told it's not a pure franchise agreement; it's a quasi-franchise agreement.

That's been identified here, where it lists converting 800 of the highest-volume corporate post offices to franchise outlets. I would say it would be converting to quasi-franchise outlets, because the relationship a business has with government is not the same as the one it has with a franchiser. I've been told that McDonald's, for example, has pretty specific rules under all the relevant franchise legislation, both provincially and federally, as to how it deals with its franchisees.

Again, in my experience dealing with some people who have gotten into the private delivery of government services, for driver's licences for example, they have said it's a pretty good model. These are business people who are working under, essentially, a public-private arrangement with the government. They say it's a pretty good model.

They're open longer than the offices used to be when the Ministry of Transportation just handed out licences and they were government-run offices. These are open on Saturdays. You never had that back in the day when the Ontario Ministry of Transportation ran

them. So that would be one area, I think. As it says here, Canada Post has identified that as being an area in which there could be some savings.

Going back here, it says “further streamlining processing operations (savings of \$66 million).” I think there are millions of organizational experts out there. We have a great synergy here in the city of Waterloo. We have the University of Waterloo, which has the technical people, and then down the street is Wilfrid Laurier University, and it has the business people. We have some amazing synergies. Laurier has a program now that focuses on training people to go into the IT field.

How can we use that business model for Canada Post to combine good management skills, as was mentioned earlier, with the latest in technology? That's what we do here in the Waterloo region, in our academic institutions. We have the IT at the University of Waterloo and we have the management skills and the management people at Laurier, and they assist a lot of our companies in the communities in those two areas, management and innovation. If you apply that to Canada Post, there should be some considerable savings.

● (1450)

Mr. John Brassard: My son is a recent graduate of Laurier.

Mr. Art Sinclair: It's an excellent school. I'm not a recent graduate, but I'm a graduate.

Mr. John Brassard: That was just a couple of years ago, Mr. Sinclair.

You talked about performance metrics. One of the tenets of business models and business development is to ensure that there are proper people in place running businesses and constantly looking at those metrics, finding ways in which they can continually improve. Based on your experience here in Kitchener-Waterloo, have you seen a level of improvement with Canada Post over the years? Have the businesses seen that, or are they not in a position to say that they're happy with Canada Post?

The Chair: Please give a brief answer.

Mr. Art Sinclair: I'd say they're neutral. I can't say I've heard a lot of complaints one way or the other. I would say it's neutral, but we have to be better than okay. I think that's the key consideration there.

Mr. John Brassard: I would agree with you on that. Thank you, sir.

[Translation]

The Chair: Mr. Ayoub, you may go ahead for five minutes.

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

Mr. Sinclair, thank you for being with us today.

As I listen to you, I have mixed feelings. It's refreshing to hear a business person speak so passionately about efficiency. As you no doubt know, we are talking about a corporation that is not strictly commercially minded. It's a government corporation committed to being a good corporate citizen while serving the entire country.

Do you see the business side as separate from the mail delivery side? Should Canada Post be managed differently, so that the more traditional component of residential mail delivery is treated separately? Do you want to see a separation between those two service lines?

[English]

Mr. Art Sinclair: *Merci.*

I would say that would be a business model we might want to look at, separating residential from business. I would say so because, again, I would go back to the reference, and I mentioned this earlier, in the task force report to the idea that this is a sentimental business or corporation or maybe just a sentimental idea. It's different from BlackBerry or it's different from Maple Leaf Food Manufacturers. This is a service like transportation in Canada. As you mentioned as well, this has to service all of Canada. It just can't be for us here in Kitchener-Waterloo or Ontario. We have to have a model that services all of Canada. I would agree that this would be something we'd look at, maybe looking at Canada Post in terms of residential delivery and looking at it in terms of business delivery.

[Translation]

Mr. Ramez Ayoub: When a company moves away from its core business, the successful business supports the less successful business. In a public service corporation such as Canada Post, it's a bit difficult to imagine splitting up the two service lines and moving towards an already competitive market with an existing monopoly.

I have trouble envisioning the commercial side of a government-owned public service provider. You talked about the importance of a business taking risks, but that's an altogether different conversation when you're dealing with a government corporation. A private company is looking to turn a profit. The more risks it takes, the more profitable it can be. The more risks a business takes, the better its chances of making more money, but those risks could also lead to a nasty surprise. That will never work for Canada Post.

This committee's job is to hear from people who have solutions that are viable in practice, not just theory. We want people to give us solutions that could be implemented tomorrow. Unfortunately, the suggestions we have heard today are not viable solutions for the immediate term but, instead, ideas that would require a government-owned public service provider like Canada Post to do a philosophical about-face.

What is your take on that?

•(1455)

[English]

Mr. Art Sinclair: There are a couple of points. In terms of one branch of an organization making a profit and another one not and trying to balance them out, I think the business community would accept that. In fact, I can see that probably in a lot of public services we accept slight losses, and businesses lose unfortunately. I think your points are valid and, in fact, it is different from a private organization as a public utility, a public service. I think generally the Canadian population wants some type of a delivery service. I think one of the things that may have been mentioned here in the report, and I might have missed it, is that there are generational issues here.

There are people, seniors, who haven't grown up with the technology that the other people have, who tend to still like using Canada Post. So that's I think why we get into the longer term and the shorter term, but you're right, in the shorter term, there are some serious challenges here.

The Chair: Thank you.

Mr. Sinclair, that will conclude this session. I want to thank you very much for flying solo here and coming before us today.

Mr. Art Sinclair: I won't be filing an expense report.

The Chair: All right.

Mr. Sinclair, we always make the same offer to all of our panellists who appear before this committee that should you at any time in the future have other information on behalf of your member organization that you think would be of benefit to our committee as we continue with our deliberations, please feel free to submit anything you may have directly to our clerk. Conversely, should any of our committee members have subsequent questions for you, I hope you would allow us to contact you directly and see if we can get some questions answered as well.

Thank you very much for your appearance here.

We will suspend for about two minutes. I would ask the next set of panellists to please come forward and we'll try to get going as quickly as possible.

•(1455)

(Pause)

•(1500)

The Chair: Thank you very much. I think we'll begin, colleagues and panellists. Panellists, you were probably in the room listening to the first presentation by Mr. Sinclair.

To recap, we have been asked by the minister to hold cross-country consultations with Canadians, including municipalities, organizations, and others affected by Canada Post and its services. This is to ask them what they see as the future of Canada Post, what they want from Canada Post, and how they see Canada Post evolving in the future.

A task force report has already been submitted to this panel based on the financial viability and sustainability of Canada Post. We will be incorporating that report with commentary and answers to questions as we cross Canada. The final report will then be drafted and submitted in Parliament before the end of this year.

Your observations and comments will be very much appreciated and will form a great deal of the final report that we submit to Parliament.

Having said that, I know you're familiar with the process. We're asking all panellists to please have opening statements of no longer than five minutes, after which we'll go directly to questions from our committee members. If we could all get together on that page, I'd appreciate it greatly.

I have Mr. Green on my list for our first opening remarks.

Mr. Matthew Green (Councillor, City of Hamilton): Thank you very much, Mr. Chair.

I certainly appreciate the opportunity to be here today on the public record. For the record, my name is Matthew Green. I'm a ward 3 city councillor for the City of Hamilton in what is essentially Hamilton Centre.

I appreciated the opportunity to be here to hear Mr. Sinclair, who presented some very compelling points on this particular topic. I'm confident that as you cross the country you will hear many respected voices, subject-matter experts in their field, on the labour issues, on the actuarial pension issues, on the business case analysis of Canada Post. I am by no means an expert in any of those fields, but what I am an expert in is ward 3. I'm an expert in the people of my community as a ward 3 city councillor.

I'm here particularly to talk today about postal banking as a compelling alternative to payday loans.

We heard today from Mr. Sinclair, chair or executive director of the chamber of commerce, of the need for innovation. We have read in the task force report that market disrupters have interrupted the Canada Post mail delivery system, and by extension their business case. I come from a small business background, am newly elected, and so I really appreciated those comments related to innovation and competition being a disrupter.

I would like to submit before you that Canada Post's postal banking option is indeed a market disrupter. However, it's a reverse market disrupter into what is, I consider to be, pretty much a cartel in our banking.

We have before us, in a recent report, that of the 15 most profitable companies in Canada, the top five are all of our banks. There is a huge market opportunity, an entrepreneurial opportunity, for the crown corporation of Canada Post to enter into this in a way that would provide both a social conscience, as we heard today from the member, and services to some of our most marginal people. In the task force report, I do have some concerns with the language and the citations that were used to put forward the report. "According to" the banking association... "According to the... Payday Loan Association", that's a little troublesome when we have these lobbyist groups self-reporting on the interests of Canadians.

Hamilton has the unique distinction of being home to the Payday Loan Association. In fact, it was Mr. Stan Keyes who was the president at the time when I brought forward a motion to the City of Hamilton, when we took the historic step to be the first municipality in Ontario to license payday loans.

The task force presented that there are more banks than ever, when we know there is massive bank flight out of our inner city urban centres. As you've identified, we know that Canada Post, through its infrastructure, offers an opportunity to have existing infrastructure service this need. In fact, Hamilton is also the very proud home of Canada's very first Tim Hortons—in our ward.

We know the only thing more Canadian and more expansive than Tim Hortons is in fact Canada Post. They have more outlets and more doors than we do Tim Hortons' locations across the city. That's an important fact.

We've had 489 bank locations close down in Ontario. We have precarious employment. We have stagnant Ontario Works and ODSP

rates that have created a situation where at the end of the month our most vulnerable people do not have a place to go, which forces them into the payday loans sector.

I would submit before you today that the payday loan sector is a legislated predatory industry. They are targeting under-served, inner city communities where the most vulnerable people are present. They will state in their self-reported task force that you need to have a bank account, a job, and an income to receive this. That is absolutely not the case. In fact, what we found in Hamilton was that our highest users were people who were already on ODSP and Ontario Works.

They say that the rate they're offering our Canadians is 23% over the course of their short-term loans, but the reality is, Mr. Chair and committee members, that it's actually closer to 546% annualized interest. This is extortion. This is usury. Here's a great opportunity for Canada Post to enter in, to provide, with a conscience, as a crown corporation, a compelling alternative to what I consider to be a predatory industry.

• (1505)

You have the infrastructure, you have the technology, and you also have the know-how with the various sectors inside the Canadian government, as it relates to your development banks and others, to provide the expertise to roll this out.

Thank you for providing me the five minutes. I look forward to any questions that might come.

The Chair: Thank you very much.

Next we have Ms. Lunau.

Ms. Cindy Lunau (Councillor, Town of Milton): Thank you.

Good afternoon, Mr. Chair and committee members. It is indeed an honour and a pleasure to appear before you this afternoon. Frankly, I was surprised by your kind invitation. I'm not part of a lobby group or a citizen with a particular concern. Personally, I've had only good experiences with Canada Post.

My best guess is that my nearly two decades of representing rural residents, and my experience as a municipal councillor in the Town of Milton—which is Canada's fastest growing community—may have offered me a unique perspective on some of the challenges that are facing residents and Canada Post today.

Speaking first as a rural councillor and a resident, end-of-driveway delivery is essential for most rural residents. It's convenient, yes, but it's also the safest location for picking up mail. Where mailboxes at the end of driveways did not meet the standards, or were not safe for Canada Post drivers, I worked closely with Canada Post to locate safe sites for community mailboxes. These, however, present some challenges, especially with snow clearing and access. There are not enough sites in rural areas to accommodate large-scale community boxes. Therefore, driveway delivery remains essential.

Sites in our rural area would have benefited from being set back a few more feet—if you're considering standards that you might look to for your sites—but village post offices are absolutely essential. There must be a local facility to mail, to receive parcels, to purchase stamps, and to access the other special mail services that are often offered.

One of the most common complaints that I receive as a rural councillor is address confusion. Addresses simply do not match municipal boundaries. My rural ward is served by five post office locations. Those would be Campbellville, Acton, Milton, Rockwood...actually, there are six locations if you include a few that are served from Guelph. This is often confusing, especially for those migrating from urban areas and for the providers of services. Personally, I have a Rockwood address but Milton taxes. This confuses even Elections Canada on election day.

On the bright side, my car insurance is calculated at a lower rate because I'm considered to be outside of the GTA.

From an urban perspective, in my role on council, the suspension of home delivery and the replacement with community mailboxes created many unfortunate circumstances in established neighbourhoods. In addition to losing the convenience of home delivery, many sites are simply not convenient and often not suitable for walking or car access.

Municipal staff can be very helpful in finding the best possible locations allowing for public access, sidewalks, and parking. This was not always done as these community boxes were located. Generally in the cases of new subdivisions, these sites are located with some considerations, but these are often overlooked in the refits.

Litter is often a complaint. I think that with the co-operation of municipalities perhaps you could arrange for covered recycling containers adjacent to some of the community mailbox locations.

For some, home mail service is much more than a convenience. It is essential that some accommodation be found for this group, perhaps utilizing a courier service, even if only twice a week, to deliver cheques, personal mail, to those who need this service. It could be considered.

I'd be very happy to answer any questions, and would welcome an opportunity to share Milton hospitality if you care to visit.

• (1510)

If I could deviate for just a moment, as an elected representative on a much smaller scale than you folks, I really do appreciate the work and the effort that you are putting in, not only to represent your

ridings on these issues, but also to represent all of Canada. I applaud you for the time that you are taking away from your other duties and from your families to serve on this committee.

We look forward to many improvements as Canada Post faces its challenges.

The Chair: Thank you very much Ms. Lunau. On behalf of the committee, I thank you for your kind words about the services that we provide. Whether it is on a small scale or a large scale, public service is still one of the noblest endeavours I think any woman or man can perform in Canada, so we thank you for that.

Welcome Mr. Faruzel.

We are going to Madame Bilodeau first.

I've asked all panellists, please, no longer than a five-minute opening statement. I'll try to give a one-minute reminder if you're getting close to the end, and then we'll have questions from our committee members.

First, we'll go to Madame Bilodeau, please, for five minutes.

Ms. Ann Bilodeau (Executive Director, KW Habilitation): I too want to thank the group for allowing not just myself but all of us the opportunity to speak about Canada Post. I too very much appreciate the work and the service that Canada Post has provided to our community. I am looking forward to hearing about new changes, and what everyone is doing right now. It's great to see that words like innovation are being used.

I come to the table during this session because I work in the field of disabilities. I am the executive director of KW Habilitation, which is a large service provider for adults and children in our community who have disabilities. I am also very involved at the provincial level in the developmental services sector. I think I can bring some perspective from my own community, but I also know that it is very consistent with that across the province of Ontario.

When it comes to people with an intellectual disability and Canada Post—I asked the question to some of the people we support—right away, they automatically think of Christmas cards and birthday cards, because they are probably the most important thing in many of their lives. What is interesting, though, is that technology has also come to our world. Skyping and using the computer has also been pretty major, so it's not as relevant, it seems, today.

The other part that is very important is, of course, the ODSP, but now, cheques are being deposited right into their bank accounts, so there is not a worry in terms of timing. The idea of every other day delivery was not something that people felt was a huge concern.

Community mailboxes can be a concern, particularly in inclement weather. Many people cannot manoeuvre the key. It can also be a problem if the area has not been cleared in the wintertime. It is an accessibility issue.

We are in favour of the community hub idea, whether it be through a franchisee or Canada Post. It becomes a part of the community when people can come in and talk to each other. We look at that as a community socializing piece too, for people just to talk to people instead of always being on a computer. That human touch is of course very welcoming in our field.

Many of the citizens we support also have physical disabilities and so, again, the accessibility issue becomes relevant.

We still find it is important for people to get out of their houses. Whether it be delivery to their door or somewhere they can go, as long as it is easily accessible, that definitely is a top priority.

I echo some of the comments that have already been made by my two colleagues who were here, in particular around the banking piece. Even as a private citizen I have concerns. If you're going to get into the business, please make it so that it is more affordable for every Canadian. We do know what is happening out there, and for people with disabilities it is even harder. As a private citizen I feel it too.

Thank you very much for allowing me the opportunity to be here today. If there are any specific questions I can answer, I'll be glad to do so.

• (1515)

The Chair: Thank you so much. I'm sure there will be questions.

Mr. Faruzel, you have five minutes.

Mr. Edward Faruzel (Executive Director, Kitchener Waterloo Access Ability): Thank you very much for having me here this afternoon.

My name is Edward Faruzel. I'm the executive director of a non-profit agency called KW Access Ability. Our agency serves adults with physical disabilities, so we're serving similar situations to Ms. Bilodeau, but not quite the same.

People with physical disabilities make up approximately 15% of the population. We feel this number is probably a little on the low side, because that is with people who have self-disclosed that they have a physical disability. With the aging population, that number is only going to increase, so it's important these people's needs are being met. I want to thank you for allowing me to be here to voice their concerns.

The biggest concerns that our members are facing are with the community boxes and the difficulty in accessing them. Many people using wheelchairs or walkers have difficulty getting out of their house sometimes, especially in the wintertime. Accessing these community boxes can be quite hazardous, so they felt it was important for the door-to-door service to continue. The need of five days a week is probably not quite as important to them, but just having it come right to their door was definitely high on their priority list.

Many people with physical disabilities rely on somebody else to help them, such as personal support workers, and having mail delivered to their doors makes it much easier for them. They can have their support workers help them with it, and they don't have to send somebody to go out and receive it for them. It's a safety concern and also a privacy issue, sending somebody to go and retrieve their mail for them. Who knows what could happen to it on the way back.

I don't want to take up too much more of your time, but I am also available if anyone has any questions.

• (1520)

The Chair: Thank you very much, Mr. Faruzel. I'm sure there will be questions from my colleagues.

We'll go now into seven-minute rounds. We'll start with Mr. Whalen.

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

Thank you all for coming. As we move across the country and have our meetings in Ottawa, we hear from similar categories of witnesses. Everyone brings their own perspectives. There's no one-size-fits-all for the needs of Canada Post users or the needs of different communities, so thank you very much.

One thing I will mention for Mr. Faruzel's benefit is that there is a service offered by Canada Post—perhaps it's not publicized broadly enough—where you can have door-to-door delivery if you meet certain medical, or age, or ability conditions. Anyone who is in need of door-to-door delivery can get it. We have heard complaints on the basis for which you can apply for that, and what role Canada Post should have in maintaining medical records and whatnot, but there is a service available. If your members are having difficulty with Canada Post, there's a way they can get it delivered to their doors once a week.

I'm concerned about the future of Canada Post. The task force report hasn't painted a glowing picture of the future of Canada Post. Even if all their recommendations are met, according to their financial projections, Canada Post still would not be self-sufficient 10 years out. I'm interested in this new idea. We have heard from Mr. Green today about postal banking from the perspective of payday loans. You're the second witness we've heard from today on this topic, but I want to try to challenge you a bit on the nature of the delivery model, and what changes might be needed, to see if you're still in favour of it.

Your particular community of Hamilton is an urban area. I'm just doing a quick Internet search and there are about 20 Canada Post offices. I don't see any corporate stores. They're all either in pharmacies, at gas stations, or at the university.

How do you envision banking services being offered by Canada Post where they don't own the building and they're only taking a small amount of rental space from their franchise partner?

Mr. Matthew Green: I think there are still opportunities to offer low-cost products, and I heard earlier the idea of needing to confer with the bankers and perhaps do some price fixing to make sure you're not too competitive. I would submit that you can't have it both ways. Around the globe internationally, in the U.K. it's 25% of sales for the post, 36% of revenues in France, 67% in Italy, and 71% with the Swiss.

I know there are going to be some challenges when you enter into a new business and you are a disrupter, but certainly the payday loan companies have found low-cost ways. In Hamilton they have an over-saturation. So when you talk about market disrupters, what's the market? We know this is a multi-billion dollar market to enter into and the pie is massive. There are overhead costs. If there's a compelling case for expansion, whether it's in small retail markets, where you have your shoppers and some of your franchisees, which are ubiquitous across urban centres, or in your rural neighbourhoods, where you already have the infrastructure....

I was at a conference this past year where I heard an indigenous community talking about the need for banking in some of our territories having that infrastructure present, and also having some challenges around addresses. Where we were fighting community boxes in our neighbourhoods, they were saying they would love to have them.

There's a real international case for this, and I feel the task force dismissed it almost wholesale. I would say, in the task force's defence, that they were presented with looking at solutions for which there were business plans. In their tight timeline they were not asked to develop new business plans. I think there are notes on this topic where if you're going to explore any of these options, business plans would need to be developed. It seems we can look to other countries for those plans.

• (1525)

Mr. Nick Whalen: As a young person yourself—I guess you'd call yourself a millennial—do you use a physical bank? Do you go into a physical bank?

Mr. Matthew Green: I do. In fact, as do most Canadians, I pay the highest rates for banking anywhere—

Mr. Nick Whalen: Do you do your banking at a location?

Mr. Matthew Green: I do. I'm a small business owner. At the end of the day you still have to cash cheques. You actually have to deposit cash. That still has to happen, and when you put it in an ATM they hold it. I always wondered why they hold it. I think it's the three-day interest they like to collect on it before they pay you back your money.

Another interesting thing is they actually charge small businesses a cash-deposit fee. Our banking system is completely out of control, and I referenced it as a cartel, because it is fixed. The private sector can't have it both ways. If we want to have an open banking system, then let's open it up.

Mr. Nick Whalen: There are different options, but I want to delve into this; you seem very well-informed on it.

In terms of different options for providing the service, because as you said, you'd go the route of leveraging existing government knowledge, there's also the model of just going with the white label

banking service the way President's Choice Financial offers their banking to their clients. Which do you think is the preferred model for Canada Post to explore?

Mr. Matthew Green: I think there's a hybrid model. Innovation accounts for all opportunity, and this market opportunity is massive. The Canadian Centre for Policy Alternatives came out with a very well articulated case for this. I'm sure it was submitted with academic research and vigour, but—

Oh, I'm sorry.

Mr. Nick Whalen: It's okay.

Mr. Matthew Green: —with regard to that alternative, I can only tell you what I experience in my community. When you see people enter into a cycle of economic violence.... I've been hard on banks, but predatory lending in payday loans is far worse.

Thank you.

Mr. Nick Whalen: Very quickly, Ms. Lunau.

In terms of the transition you've already experienced in your community from home delivery to community mailboxes, do you feel your community was properly consulted?

Ms. Cindy Lunau: When you're under a timeline, sometimes shortcuts are taken and I think there were some shortcuts taken. When it came to the rural delivery changes, I believe we were very well consulted. We were literally driving up and down the roads deciding what met the time and distance requirements for drivers. I love my driver and I want her to stay safe so she can continue to deliver.

There was a great consultation on that aspect. Where it came to placing the community boxes in the mature neighbourhoods, I think there was less consultation. I can't speak to that specifically, because it's not my ward and some of the urban.... Just anecdotally, it could have been better. Often, they just appeared. When I spoke with our director of engineering, sometimes they just appeared. The town had no idea they were coming, and you know who gets the first call.

The Chair: We've heard that before. Thank you very much. I think you've answered Mr. Whalen's question quite adequately. Thank you.

Mr. McCauley, seven minutes please.

Mr. Kelly McCauley: Like Batman, they just appear.

First of all, thank you very much, all four of you. It's been delightful listening to each of you. I appreciate that.

Cindy, thanks for your comments. It was very sweet of you. But to return the favour you're working a lot closer to the people. I congratulate you, and all of you, for your service.

I was glad to hear that. We've been hearing about how there needs to be more consultation with the municipalities for the community mailboxes. I've been receiving some information from Canada Post that they had done a fair amount of consultation. It sounds like there needs to be more, but I'm glad that to hear that they were doing it with you.

Do you believe that if there is a bit better communication with the.... We've heard it before about the mature neighbourhoods. My riding is half World War II houses and half brand new builds. It's very easy in a brand new neighbourhood. Here's the park. Here's the school. And, boom, here's the mailbox. It's more difficult in the older neighbourhoods. Do you think—I don't want to say if there's a will there's a way—that with a bit better consultation and better planning in your area they could do mailboxes better in the mature neighbourhoods?

● (1530)

Ms. Cindy Lunau: There's always some room for improvement. But I would say at least our engineering and our planning department is absolutely wide open to a phone call and a meeting. Will it make all the residents happy? Unlikely. It's like everybody wants the convenience of it, but they don't want it there.

The fear factor, the change of whatever, is often a problem, but I think there still is room for consultation. There is always room for more but at some point you have to go ahead and do it. I understand that.

I think that the biggest problem with some of these mature neighbourhoods is they always paid a good deal of attention to their property and when the litter starts, they really resent it.

Mr. Kelly McCauley: It sounds like Milton has a solution where they're offering to put up the recycling bins.

Ms. Cindy Lunau: Yes. I remember some years ago I was on a group; it must have been 20 years ago I met with a focus group about what community mailboxes should look like. I remember talking about the possibility of having a drop box of some sort. It never happened, of course, but there still is that opportunity for recycling. Most communities have blue box pickup now.

Mr. Kelly McCauley: Common sense evades us sometimes. Thanks.

Mr. Faruzel, and Ann as well, thanks for coming.

Obviously there are difficulties. We've been discussing access issues to the mailboxes. It doesn't work for everyone. Mr. Whalen mentioned Canada Post has a system where they will deliver to the box four days a week, then the fifth day they'll pick it up and deliver it to the home.

Is that adequate? Would twice a week be better or out of the question? Is that enough to address most of your issues, if not all?

Mr. Edward Faruzel: Yes, that would definitely be helpful. Probably twice a week would be better. But once a week for a lot of people would definitely be great.

I'm happy to hear about that. It should be something that Canada Post would promote more.

Mr. Kelly McCauley: You're dead-on right there. We in government, all of us, need to do better job putting that out.

Is it the same for you, Ms. Bilodeau? Do you believe the same? Share your thoughts please.

Mrs. Ann Bilodeau: Actually, it's the same. The only thing to be cognizant of is if you were someone...in your home, and you're only getting it every other week—

Mr. Kelly McCauley: But they do it once a week.

Mrs. Ann Bilodeau: —or even once a week. It's the due date on bills, because for many people there's a time frame. That would be the only thing that jumped at me. For many of the people we support, they are supported so that once a week is fine and certainly wouldn't be a problem. I see that as something that is certainly doable.

We are aware of the delivery...medical is one of them. I saw it on here, too. When marijuana gets legalized that's another area that's being looked at.

Mr. Kelly McCauley: The task force stated from the very beginning, in their first comment, that that's not what we were intending.

Mrs. Ann Bilodeau: I know, but you do the medical now, so that is something you've already done.

Thanks for the comment.

Mr. Kelly McCauley: Ms. Faruzel, the billers like to do twice a week. Is it date-wise with the bills, or is it just that it would better two days a week? Do you have the same kind of concern from your perspective?

Mr. Edward Faruzel: Yes, definitely. The other thing is that if the person is not home, do they just leave it on the porch?

● (1535)

Mr. Kelly McCauley: I don't know. You're right, because a lot of the new houses don't even have a mailbox.

Mr. Edward Faruzel: Exactly.

Mr. Kelly McCauley: I don't know. You went and stumped the host today. Your parting gifts are at the back.

We'll have to find out. I'll send Canada Post a note. Thank you very much.

Mr. Green, thank you for your well-spoken words and your passion. I don't share the same belief that postal banking is the panacea for all of Canada Post's issues, but you've given us a lot to think about.

I don't expect you to have the answer, because it's just the start of a lot of chat about postal banking, but—as Andrew Coyne or someone commented—can you imagine the first time Canada Post comes and repossesses someone's car, or refuses to cash a cheque?

It's a big thing. There have been studies on it, and maybe the committee will decide we have to do some more studies on it.

I want to say that I appreciate your passion and your comments on that.

Mr. Matthew Green: Thank you so much.

I reject the premise of taking something away and then offering back to communities an incremental improvement on a service as being the answer to the problem. I support door-to-door delivery. Hamilton has the distinction of being the first municipality to enter into a lawsuit against Canada Post for the way they came into our city and into our older neighbourhoods, obstructed rights-of-way, avoided planning processes, and basically used their federal protection to run roughshod over the municipality. I would respectfully decline to say that obliterating the service, and then coming back and saying, “If we give it to you once or twice”, is where we need to be for a solution when door-to-door, given the profitability in previous years, is still a viable alternative.

The Chair: Thank you.

Mr. Weir, for seven minutes, please.

Mr. Erin Weir: Just to pick up on that last point, I think all of the panellists have spoken of the importance of home mail delivery. It's a bit strange that we're even having this conversation, given that we have a federal government that was elected promising to restore door-to-door delivery.

There's been some confusion on this committee about what the Liberal Party proposed in the last election. I've pulled up the Liberal platform on my iPad here, and the section on Canada Post begins in bold letters saying, “We will save home mail delivery. We will stop Stephen Harper's plan to end door-to-door mail delivery in Canada.”

I think it's clear to almost everyone what the government was elected proposing, and I wonder if anyone on the panel would like to speak to the expectations we should have of the federal government going forward.

Mr. Matthew Green: Sure. I fully agree.

The consultative process is an important one. It does allow for this opportunity to reimagine what Canada Post would look like and to offer an end of disrupters or the innovative opportunities that have been presented already to you today.

I would concur that this is their mandate, and that this is what they ran on as their platform. They have a responsibility to do what they said they would do, which is restore door-to-door service.

I should also note, for the record, that I'm a non-partisan. I do not carry a card for any party.

Mr. Erin Weir: Thank you very much.

A voice: I may want to sell you one after this.

Some hon. members: Oh, oh!

The Chair: We would resist that.

Mr. Erin Weir: Just to pick up on the topic of postal banking, Mr. Green, you mentioned that the task force had rejected the idea out of hand. I was also disappointed in that aspect of the report.

One of the task force concerns is that there might not be much of a market for postal banking. I wonder if you could speak a bit about the people in your ward. If they had the opportunity for basic financial services and things like cheque cashing at the post office, would they use it?

Mr. Matthew Green: Thank you very much.

Through you, Mr. Chair, to the member, I came out swinging on the banking industry and the predatory loan industry as I've seen it. When you get the call that a family has to make the decision about buying food or paying rent because at the end of the month they are caught in multiple payday loan instruments, you know something is wrong. In this space, we heard about what was conscionable. In terms of having a public service—we're all public servants—I think Canada Post has the opportunity to provide...particularly to our under-serviced and under-banked people.

It is very difficult for somebody who is on a fixed income or in a precarious situation—ODSP, Ontario Works—to make ends meet at the end of the month. There is an opportunity here to provide those instruments along with—we talked about community hubs—wrap-around services that provide supports for people on debt counselling, connecting them to the opportunities that have been discussed today.

As it sounds, there are many ancillary services that Canada Post offers but doesn't.... If we have advocates here from abilities groups who don't know that they have direct door mail, that's a serious problem. Here's an opportunity to reinvent how we deliver this service in an innovative way, and to particularly address the precariousness of our banking institutions as they are today.

Keep in mind—I used the word “cartel”, and I did that very specifically—that it's a closed system. It's not a free market. The statement was made by the task force that it's working for Canadians. I would ask for whom. Even the “middle class” people—and not the \$200,000 a year middle-class people, I mean the real middle-class people—have to pay exorbitant rates to access their own money through ATM fees, going in to see a teller—fees on top of fees. It's disgusting.

Here's an opportunity for Canada Post to do the right thing and enter into this space in a very meaningful way to give relief to Canadians across the country.

• (1540)

Mr. Erin Weir: Your sense is that there are people who live in your wards, small business owners, who would welcome that service from Canada Post and would actually use it if it were available.

Mr. Matthew Green: Absolutely.

One of the positions that was stated was what if we have to repo stuff?

All you have to do is look at student loans to see where government sticks it to my generation, the so-called millennials. The government is already in that business, respectfully. They're making big amounts of money off education right now, and they're doing it with the student loan system. With this particular opportunity, it should be noted that not only are banks leaving our communities, they will take our credit cards, our mortgages.

Hamilton has one of the hottest real estate markets, particularly in my ward, with beautiful Victorian homes and lots of people coming from Toronto and elsewhere. They'll take our mortgages, but they will not provide commercial opportunities to small businesses in our community.

Our neighbourhoods are blacklisted in the inner city. You can't even get a mortgage for a commercial building in my ward. I know because I tried, and I had to go to a B lender. There are lots of different ways.

I'm not saying you have to get into commercial loans, because we have BDC. I'm not saying that has to be the space. However, if we're talking about a business model, about free market, about disrupters, then let's have the full conversation. Let's look at all of the opportunities.

Mr. Erin Weir: I think that's a really good analogy to student loans.

One of the reasons that type of financial service is so viable from the federal government is that the government has a lot of power to collect the money through the Canada Revenue Agency. Might that not be a further advantage to postal banking and to offering payday loans through the post office, as you wouldn't have nearly as much risk of people not repaying?

The Chair: A 30-second answer, if you could, sir.

Mr. Matthew Green: The answer to that is, absolutely.

There is a moral responsibility to do so, because to not do so exposes people to what I call the economic violence of this predatory industry.

The Chair: Thank you very much.

[*Translation*]

Mr. Ayoub, you have five minutes.

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

Thank you to the witnesses for being here today. I'd like to return the compliment to Ms. Lunau for her public service. Having been a municipal councillor and mayor, I know what it is to work closely with the people you represent.

I'd also like to thank the organizations. You are making a significant contribution to the social fabric and strength of your communities by being here and sharing your concerns about public services such as Canada Post.

That said, our tour has exposed a failure to hold consultations and the fact that, as a result, information wasn't provided to the public or the municipalities concerned. The consequences of those decisions are apparent: poor facilities, unhappy residents, and deteriorating service.

I'm rather shocked to learn that a municipality intends to sue Canada Post.

Is it for financial reasons?

You may have read the report on that subject. It said that Canada Post would face a \$700-million deficit over the next decade if nothing changed. That's a lot of money.

Mr. Green talked about postal banking, which would move Canada Post away from its core business. It was also suggested by some that the crown corporation become a provider of Internet or telecom services. I'm always doubtful about improving a functional service that has some positive elements. If you'd been here earlier, you would have heard us discussing the business side, parcel delivery, which is doing well.

I'd like to hear you comment on your openness to change. We haven't talked much about that so far.

As far as services are concerned, how open are you to change, given that the status quo is no longer a viable option for Canada Post?

We talked about delivery days. The report even mentioned charging a fee for home delivery. The cost of stamps has already gone up.

How is your community reacting?

Have petitions been circulated? Have people come to see you?

What has people's reaction to the change been?

• (1545)

[*English*]

Mr. Matthew Green: Thank you very much.

Through you, Mr. Chair, certainly a municipality that undertakes to enter into a lawsuit against Canada Post has done so under significant pressure from its residents. The manner in which they entered into our municipality with little to no consultation demonstrated an unwillingness to work with our community. And so, for the seniors, for all the reasons that you've heard here today, people with disabilities, for the issues it was causing, with community boxes being in rights-of-way, creating blind spots, to road cuts, to the nature in which they entered our municipality, it created a tremendous amount of pressure. I felt there was a rush before the election or whatever the politics were to execute this mandate and then pull back to another way.

But, certainly, as Canadians, I think we're not only open to change but it would be embraced if there was a compelling business case for it, the idea of having an institution that has been profitable, an institution or corporation that does have in its charter, as I understand, the ability for postal banking.

As a corporation, the fiduciary responsibility is to the shareholders, which is the government which, by extension, is us, to use all avenues within the charter of this crown corporation to be sustainable. Yes, it's mission creep, but it's in the charter. It's in there for a reason, I would suggest, based on the international examples of 50-plus...70% per cent in New Zealand. So there are business cases for this across the world where, not only is it sustainable, but it creates a tremendous amount of value for the corporation.

[*Translation*]

Mr. Ramez Ayoub: Thank you.

[*English*]

Madam Lunau.

Ms. Cindy Lunau: Thank you.

I, too, would predict that some kind of banking through Canada Post would be widely accepted. If you're looking for a way to streamline, I would suggest that every-other-day delivery would be very acceptable for most people, because there's less and less critical mail that comes every day. So much of it is in fact done online. As long as those dates were set, you knew it was Monday, Wednesday, Friday, Tuesday, Thursday, Saturday, I believe you would find that very acceptable.

As far as the cost of postage itself goes, the people who are most dependent upon the stamps and postage are the ones who can least afford any price increases because these are the people who perhaps don't have the sophisticated banking services, the sophisticated payment services. They may not have a computer. They may not have the Internet for Internet banking and such. These are people who want to send the birthday cards, who want to send the payments by cheque. I would suggest that raising the cost of the stamp would be a very real hardship for many people; raising the cost of parcel services perhaps not so much. But that day-to-day, front-line accessibility, I would say, is very critical.

• (1550)

The Chair: Thank you.

We'll go now to a five-minute round, and we'll start with Mr. Brassard.

Mr. John Brassard: Thank you, Mr. Chair.

I want to apologize off the bat to the other three witnesses because I'm going to focus on Mr. Green and some of his comments today. I'm going to try not to make this a long preamble because I want to hear what you have to say about this.

I just started with the committee today. I have met with CUPW in the past, and some of the messaging that I'm hearing, even today from other witnesses, and what I'm hearing from CUPW, seem to contradict what you're saying. In particular, it's the fact that if Canada Post were to move into the area of banking, it would be more acceptable or more common practice in rural areas that are not currently serviced by banking institutions than it would be in urban areas.

You're talking about Canada Post being able to facilitate banking needs within those urban areas. I'll give you some examples. In first nations communities, of the 615 first nations communities in 2014, only 54 had bank or credit unions. There have been 2,000 communities that have, since 1982, lost their financial service institutions, so this seems to be a trend more so in rural areas than in urban.

I think what concerns me about what you're suggesting, with respect, is that it seems to me you're looking to Canada Post to potentially subsidize what already exists within urban centres as it relates to the options of banking institutions. I want you to clarify this so that I have a better understanding and the committee has a better understanding. People in urban settings, unlike rural or first nations communities, have those options for those banking institutions, which, I'll remind you, are highly regulated industries within this country. Please clarify that for me.

Mr. Matthew Green: Thank you.

Through you, Mr. Chair, to the member, I'd like to clarify that I'm not here on behalf of CUPW. I'm here on behalf of the good people of ward 3—

Mr. John Brassard: I realize that.

Mr. Matthew Green: —and I'm speaking specifically to the challenges that I'm seeing in the inner city. I'm not sure where the member has received his information from, but I'll speak specifically to Hamilton.

If we look back over the past 20 years, in 1995 we see there were no payday loan outlets in Hamilton, and 38 bank branches. There are now only 13 bank branches in all of lower Hamilton, and we have a disproportionate number of these payday loan companies, so much so that I answered to a motion at council that would seek to license them. For you to even begin to understand how many there are, some intersections have three or four payday loan companies. There's a distinction of what banking is. You have your traditional banks, which have left and typically gone to the strip malls in some of your suburbs, and then you have payday loan companies that are servicing our under-serviced communities.

It's still a very profitable business, make no mistake about it, and I'm not asking for charity here. I'm suggesting that there's a reason that the payday loan industry is ubiquitous across urban centres. The business case for them to be in rural centres is still present, and I still support that. I would suggest that what's missing in the reports, or perhaps maybe why I'm here today, is to present to you a compelling reason for why inner cities are seeing major mainstream bank flight. Accessibility of banking leaves people in a situation where they're overpaying for being under-serviced.

The Chair: You have about one minute for both the question and the answer, Mr. Brassard.

• (1555)

Mr. John Brassard: Okay.

We know statistically right now that the debt-to-income ratio in this country is about \$1.65. Is it your opinion that perhaps some of these predatory lenders are there because of that reason and not necessarily at the fault of the banks?

Mr. Matthew Green: Based on the Payday Loans Act, federally, where usury laws are 60%, they're allowed to come into inner cities and provide annualized interest at 546%. It's a profitable business, and that's why they're there.

Mr. John Brassard: I want to thank you for your testimony today. It was interesting to hear some of the things that you had to say, as well as the other witnesses. Thank you, Mr. Chair.

The Chair: Thank you, Mr. Brassard.

Our final intervenor will be Madam Ratansi, five minutes, please.

Ms. Yasmin Ratansi: Thank you all for being here. I'd like to clarify that our platform was to stop the non-consultative way in which Mr. Harper's government went through Canada Post and instituted the stoppage of home delivery. We want to listen to Canadians, and this is our way of listening. There are multipronged processes. We told Canada Post to stop what it was doing. We know it was arrogant in the way it approached things. Some of the municipalities did not have any consultation, and some of the municipalities like Hamilton are challenging that.

We've heard from businesses, we've heard from the non-for-profit sectors, and we have heard from civil society organizations. The bottom line is that we're trying to manage the environment and manage Canada Post as a business to be sustainable as a crown corporation. None of you want tax increases, correct? If it's not sustainable, then what do we do? How do we do it?

The labour unions will challenge us, and they have said that the financial figures put forth by Canada Post are not telling the right picture. It's our job to go and review them. Our job is to listen to you, and then whatever suggestions you make, we challenge those suggestions as well, because that's part of our job.

We have listened to Canada Post as a business and Canada Post as a service. It provides services to all the groups of people. You are satisfied with the services, that's what we found.

One thing that I'd like to ask Mr. Green is, when you challenge Canada Post, or you took it to court, did you have to maintain or clean up the community mailboxes?

Mr. Matthew Green: Yes, absolutely. They've caused a tremendous amount of problems in a haphazard way in which they were...I'm on the planning committee, and typically there's a process for when utilities such as this are put in place, and they weren't considered. They left us vulnerable to obstruction of rights-of-ways, blind spots. It wasn't—

Ms. Yasmin Ratansi: Messes as well?

Mr. Matthew Green: Yes, messes as well.

Ms. Yasmin Ratansi: Okay.

Now my question is, if Canada Post comes back and says to you that they'd like to consult with you, would you agree to consult with them and with the current management that has given you such a bad taste in your mouth? Would you agree to sit down and consult with them?

Mr. Matthew Green: I would suggest that I support door-to-door delivery, first and foremost. If the consultation is about how to eliminate that, and the federal government comes down to municipalities as a child of the province and says we're doing this anyway, then at the very least, under duress and under support of door-to-door service, we say absolutely that they should be adhering to the planning principles of local municipalities.

Ms. Yasmin Ratansi: The thing is, we are not here to say to you that we are going to stop door-to-door delivery. There are options

that are put forth by Canada Post and by the task force, to say, "we're looking at the financial side of it, but we'll also look at the social side of it". If they say, "okay to the houses, we'll deliver it on alternative days, etc., and to business on a daily basis", would that type of consultation...? I'm just throwing out some things. Would that appeal to you? Would you like it to survive?

Mr. Matthew Green: Through you, Mr. Chair, certainly. I'm always open for continued conversations, consultations, and public input into this process. I think that the members would find it enlightening if they went to the public to ask this question.

Ms. Yasmin Ratansi: I have another question, and that was about the thought process. Everybody was saying... One of the professors said that when Canada Post came up with a solution, its five-point plan, it did not have imagination. It's like somebody going into receivership and saying they'll privatize.

The task force, with due respect, had a limited mandate. Our mandate is to say that if we want to make it imaginative, and if it has to go through its fourth revolution, and if postal banking poses a solution for you... For somebody who has done receiverships of a bank, it poses a lot of questions for me as to where will we manage the whole thing. There have been 489 banks that have closed in your area. Why? Why did they close?

Am I finished?

• (1600)

The Chair: Yes, you most certainly are, with all due respect.

Mr. Green, I'll ask you and others, perhaps to assist Madam Ratansi here, that should you have any additional information to provide to the committee that you think would be of benefit to the committee members in our deliberations, to please do so by submitting it directly to the clerk.

Mr. Green, personally I found your testimony to be extremely interesting, I'll stop short of saying fascinating, but interesting. An example of one thing that you may want to submit to the clerk is, in exactly what form of banking would these services be? For example, would it be a full-service bank, complete with investment opportunities, mortgage lending, and commercial lending, or would it be a more streamlined version of the banks? Those are the types of answers or suggestions that we would certainly entertain.

I would encourage all of you, if you have other ideas or suggestions in your particular area of how you see the future of Canada Post evolving, to please submit them to our clerk. We would appreciate it greatly.

Thank you all. Your testimony has been wonderful. We have appreciated it. Thank you for taking the time to come out this afternoon and speak with us.

We are adjourned.

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