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Chair

Mr. Tom Lukiwski

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•(0830)

[English]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Colleagues, I call the meeting to order.

We may be missing one of our panellists, but thank you very much to the panellists who are here. I'll give a few words on how the process will work today.

As you probably know, the minister responsible for Canada Post, the Honourable Judy Foote, has initiated a fairly extensive consultation process in two phases. Phase one was the establishment of a task force whose mandate was to examine the financial sustainability and viability of Canada Post. Phase two was a cross-country consultation with Canadians, talking to individuals, organizations, municipalities, in communities both urban and rural, remote communities, first nations communities, asking them their views on the future of Canada Post and, more specifically, trying to get recommendations and suggestions on how Canada Post can improve not only their service but also their financial viability for the future.

That's why both of you are here today. We thank you for your appearance. The process we follow is fairly simple. We will ask each of you to make a very short opening statement, five minutes or less, followed by questions from all of our committee members. Your testimony will help us form part of the final report we will be submitting to Parliament later in November.

With that, we will start with Mr. Leong for five minutes, please.

Mr. Nelson Leong (Chief Operating Officer, Manitoba Mukluks): Hi. My name is Nelson Leong. I'm the COO of Manitoba Mukluks. We are one of the fastest-growing companies in Canada. We've been in Profit 500 over the last couple of years.

We have a very good relationship with Canada Post. We have benefited from Canada Post by having them deliver a superior customer experience to our customers.

I would refer you to some of our recent customer feedback page responses. We get a lot of these responses from our customers. At least 20 give feedback every day. You can see one comment here, which starts off talking about our products: "My first impression of them is very positive.... I just wish you didn't ship through Purolator. It made it difficult to get my boots as compared to if you shipped through Canada Post."

Our e-commerce business has grown significantly over the last four years. We have been very successful because we have been able

to reach out and have our products delivered in the most rural areas where no one else would deliver—not Purolator, not FedEx, and not UPS.

Canada Post has provided us with commendable delivery execution to our customers. This includes 100% coverage of Canadian addresses; a range of delivery options for most budgets; convenient return solutions, no matter where our customer is located; and extensive delivery experience to markets within Canada. We are currently in negotiations with them to continue to serve our Canadian customers, both the indigenous and non-indigenous population.

Not having Canada Post deliver our services would have a huge impact. It would be detrimental to us as a company and to all of our customers who love our products and services.

Thank you.

The Chair: Thank you very much.

Next up, we have Ms. Lyons for five minutes, please.

Ms. Maureen June Winnicki Lyons (Owner, McQueen and Mo Mater): Good morning.

My name is Maureen Lyons. I have been a toy seller on eBay in Winnipeg since 2012, with a store called McQueen and Mo Mater.

While currently I have 1,000 items available for sale, I consider myself to be a small-time seller on the small and medium-sized business spectrum. However, the income is necessary nonetheless. I'm a mother of four and my partner is self-employed, so every penny counts in our household. I would assume that this is the case for many small sellers on eBay. Regardless of our ages or circumstances, we are supplementing our modest incomes with eBay sales.

To date, my store has shipped about 1,500 orders through Canada Post. Postage is my largest single expense. By the end of this calendar year, I expect that amount to exceed about \$20,000. Approximately 90% of postage for my customers is purchased through eBay's arrangement with PayPal shipping to gain a modest discount through their volume customer contract, while the remainder is spent on domestic Lettermail directly at my nearest authorized postal agent.

As I read through the discussion paper, “Canada Post in the Digital Age”, I noted with interest many of the issues that it detailed. I thank you for preparing that report and for allowing me to be here today to speak about my dependence on the healthy operation of our national postal system. Without Canada Post, I lose the ability to conduct business as an online seller.

Believe me, over this past summer, I tried to shake my dependence on Canada Post. Unlike many of my counterparts on eBay, I made a conscious decision not to close my store during the long period that there was uncertainty about the labour situation. I developed a contingency plan and I put it into operation. It was to offer local pickup for regional sales, courier service for domestic orders, and day trips south to utilize the USPS for international sales. Considering that a round trip to the United States to mail a parcel is, for me, a 232-kilometre journey, you must understand that this was a decision I did not lightly make.

Even so, half of my customers are Canadians, and they avoided, as did I, all shopping online during the summer. This has extended into fall. Normally by mid-October to late October my sales are brisk, and with the holiday season approaching, my business is still floundering.

Canadian small businesses need CPC and CUPW to develop a long-term arrangement that will provide consistent, reliable service to all Canadians. The disruption that labour strife caused extended beyond the strife itself. The other half of my customers are international, and nearly equally split between the U.S.A. and overseas. Those customers, for the most part, remained blissfully unaware of our labour strife, which brings me to a sore point: the cost of service by Tracked Packet.

No one believes it costs three times as much to mail something via Tracked Packet as it does by small packet air mail when both deliver at the same speed, generate the same bar codes, and are scanned and entered into CPC's system at the counter. If the issue is one of liability, please instead reduce or eliminate the amount of included insurance with Tracked Packet and leave it up to the individual sellers to purchase at additional cost. Having insurance included is not value added for most sellers, since it's not usually the tracked items that get lost en route to their destinations. We need delivery confirmation more than we need insurance, and we need it to be affordable.

When I asked other eBay sellers what question they wanted me to offer you today, they raised a hue and cry of more affordable tracking and more tracked options. It's difficult, if not impossible, for Canadian eBay sellers to be competitive against our American counterparts. The price of postage puts us at a steep disadvantage. That goes across the board, but is most glaring with the absence of a traced Lettermail category between regular domestic Lettermail and a full-fledged parcel.

We're asking for delivery confirmation for an extra dollar or two, if possible, on oversized Lettermail that still ships in an envelope under two centimetres thick. We can all see that parcels are the way of the future, e-commerce is the way of the future, tracked solutions are the way of the future. Buyers expect tracking, sellers expect tracking, and sales platforms require it for logistical metrics.

I can say with all confidence that all eBay sellers with whom I have discussed the issues facing Canada Post think the same thing: let us grow together and not apart.

• (0835)

The Chair: Thank you very much, both of you, for your presentations.

For the benefit of our committee and our panellists, we also expect a representative from the Manitoba Chambers of Commerce to be with us on this panel. She has not arrived yet. I assume she may be in transit. If she arrives, we will put her at the witness table and have her statement in the middle of the meeting. Until then, we'll commence with questions.

Mr. Whalen, we have you up first, for seven minutes, please.

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

Thank you both for coming. It's great to hear from the true customers of Canada Post, the people who are making their enterprise by sending packages through the service. It's the one area that's clearly growing and represents their primary future revenue source. Quality, logistics, and international rates are all areas where the committee has concerns about the way in which Canada Post might be able to improve its operations.

Ms. Lyons, can you describe for us a little more about your international sales—how Canada Post pricing makes you less competitive versus your U.S. online seller counterparts, how it might make you less competitive against Chinese counterparts—and ways you think the service could be improved?

Ms. Maureen June Winnicki Lyons: I don't know, aside from reducing the cost associated with tracked options. I know there are a whole host of reasons why that's not easily done. It really would be beneficial if we could have a domestic, traced Lettermail option for Canadian sellers.

As far as I can see when I discuss this with my counterparts on eBay, the difficulty that Canadian sellers are facing is that when we can offer free shipping, it's really limited to Lettermail because all most of us can really afford to pad into our asking price is about two dollars. If we try to send something by Expedited Parcel, which is available to us through PayPal shipping at a discount, then we need to incorporate up to about \$15, on average, into the asking price, just to be safe. If a Canadian buyer is looking at a similar item from an American seller, the international rate of getting it delivered across the border, providing they don't get assessed the import fees, is still similar. They feel that it's maybe not a good value to buy from a Canadian seller because the asking price is higher.

I don't want to assume that all my buyers aren't sophisticated enough to figure out that free shipping means that shipping is included in the price, but the truth of the matter is that not all buyers do realize that. They just think the Canadian sellers are asking too much. They consider the American purchase price to be a better deal, even though they have to pay more for shipping, potentially.

• (0840)

Mr. Nick Whalen: We've heard about other sellers in other parts of the country pre-shipping to the U.S. and then having their international shipping handled out of a U.S. distribution point using United States Postal Service or another courier. Have you investigated that? How feasible would that be? How much would that save you if you did it?

Ms. Maureen June Winnicki Lyons: I'm afraid I don't know, because in Winnipeg we don't actually have access to that sort of service. As far as I know, it's isolated to an area in B.C. and another in Ontario, and one of those two was a recent addition. I know that the sellers who do utilize that service swear by it. They feel that it's a good value added for what it costs them to actually get to that shipping depot. They feel that they can then offer a more competitive rate to their customers, but those would be primarily their American customers. It's a tracked option for them, too, through the whole system.

From an eBay seller's point of view, the only real hindrance to that kind of approach—because it pays off in terms of the competitiveness for the American customers—is the handling time. We have an internal metric on eBay that requires us to ship within our stated handling time. If you hand that parcel off to an intermediary who's responsible for getting it into the American postal system, it can add extra handling time to your handling time, and then you potentially end up falling behind in your late shipment defects.

For the sellers to whom that option is available, I'm hard pressed to think of any who don't use it.

Mr. Nick Whalen: Okay, so it seems that if you want to use Canada Post and have a tracked option, you're priced out of the market.

Ms. Maureen June Winnicki Lyons: Essentially, yes, unfortunately.

Just off the top of my head, with my PayPal discount, the price of tracked packets starts at about \$14; maybe it's \$14.35 or \$14.65. For an American seller shipping within the States, it's a couple of dollars. It's very easy for them to include free shipping. It's hard for Canadian sellers to compete against American sellers, both domestically and internationally, for those reasons.

Mr. Nick Whalen: Mr. Leong, I have the same question for you. When you try to source your shipping supplier for sales outbound to the U.S. or within Canada, are there particular pressure points for you? How is the Canada Post infrastructure not maximizing your ability to reach customers?

Mr. Nelson Leong: To be honest, when we ship our products to the U.S., we use FedEx, only because they have a better tracking system for us when we ship from Canada to the U.S. We try to minimize our costs by using three carriers, but for the most part, the most rural areas are really impacting us because no one else goes there except Canada Post.

Mr. Nick Whalen: What percentage of your sales would be to rural and far rural Canada versus domestic, urban Canada, versus the U.S. and international?

Mr. Nelson Leong: Probably between 7% to 10% goes to the U.S., and then the rest is all in Canada. Of the 90% that we ship within Canada, it is roughly a 50% split for rural and non-rural areas.

• (0845)

Mr. Nick Whalen: I'm not sure if you're aware of this, but Purolator is 92% owned by Canada Post.

Mr. Nelson Leong: Yes.

Mr. Nick Whalen: If you have problems with Purolator, I guess indirectly Canada Post might be able to help them improve their service.

Mr. Nelson Leong: That's correct.

Mr. Nick Whalen: When we talk about the future of Canada Post, we're trying to find ways for them to improve revenue and trying to find suggestions along these lines. You were talking about actually providing the services they currently provide at more competitive rates.

When we talk about Canada Post, either as part of the national infrastructure or as its own separate stand-alone corporation, how much appetite would you have for subsidies for Canada Post? The government would provide a subsidy for Canada Post in the same way it does for CBC or other crown corporations that aren't really in the money-making business.

The Chair: Because of time, could you both please give a very brief answer?

Ms. Maureen June Winnicki Lyons: Anything that could make us more competitive as e-Bay sellers would be welcomed. Absolutely.

Mr. Nelson Leong: I have the same comment.

The Chair: Thank you very much.

You're next, Mr. Clarke.

Those of you who may not be bilingual may want to put on your translation headsets.

[*Translation*]

Mr. Clarke, you have seven minutes.

Mr. Alupa Clarke (Beauport—Limoilou, CPC): Thank you, Mr. Chair.

Good morning, everyone.

I have one question for each of you, but I will start with Mr. Leong.

Are you familiar with the five-point action plan that Canada Post proposed in 2013 to ensure the long-term sustainability of its activities and budget? Are you familiar with the various measures in the plan?

[*English*]

Mr. Nelson Leong: No, not really.

[Translation]

Mr. Alupa Clarke: I'll go over it. The question is for Ms. Lyons as well.

The five points are: the conversion from door-to-door delivery to community mailboxes, a new approach to pricing, the set-up of franchise post offices—in pharmacies, for instance—streamlining operations, and addressing labour costs.

We have heard from a lot of witnesses on those various points. Some were in favour and some were opposed.

Could you tell me how you feel about those measures put forward by Canada Post?

[English]

Ms. Maureen June Winnicki Lyons: If I may, I would like to speak about the community mailboxes first.

Leaving all sense of politics aside, personally I was relieved when the plan to transition completely to community mailboxes was abandoned, because I have a physical disability. For me to have to go to my community mailbox or to go as far as a postal counter to pick up my parcel is just not feasible.

Extrapolating from my own personal experience, I think many of my customers, who I can see are grandparents or parents with very young children, buy from me not because of my great prices or my shiny smiling face, but because it's too hard for them to get out to go search for exactly what they want, and that's a strength of my business. I sell toys that people need because kids want them for their birthdays or for special occasions. The harder it is for my customers to get what they need from me, the more I'm at a disadvantage.

For that reason—and I know that's not a feeling that many eBay sellers share because of their own personal circumstances, so that's sort of a touchy point—but for me personally, I was happy to see that stay as it is because I have door-to-door delivery and I would be very distressed if that were to be eliminated from my neighbourhood.

Again, I know that's not something that all eBay sellers agree on, because I would have to say that most eBay sellers, who live in areas where they don't have door-to-door access themselves, don't see it as necessary. They see it as something completely expendable because they don't use it themselves and they just see it as a giant expense, but for me, it's a big deal.

Regarding the second part, the postal counters, I can understand why rural areas would be very reluctant to see their post offices close because for them...I come from a small town—well, it's not that small and it's not that isolated or far from Winnipeg. It's Beausejour. The post office there is a necessary fixture of the community. If they were to lose it in favour of having a Canada Post outlet opened at one of the drugstores, I know their service probably wouldn't change for the most part, but their sense of community would suffer.

For my mailings, I use my closest postal counter. It's an authorized agent, and I find them to be friendly and relatively well informed, although there have been times when I've been a little frustrated. I tend to try to keep on top of what's happening with Canada Post and postal problems, so I do find it a little bit frustrating when I have to

go to the counter and tell the people who work there what they should be telling me.

• (0850)

[Translation]

Mr. Alupa Clarke: Ms. Lyons, that actually brings me to my next question. Right now, there is a moratorium on Canada Post office closures. In this committee, on a number of occasions, we have heard the following proposal from witnesses. It was an interesting suggestion.

As you may know, urban centres have grown significantly in the past decades. A number of Canada Post offices are now in the suburbs of major cities where five post offices are serving those very same suburbs.

For instance, my colleague from Edmonton said that he was able to see about 20 post offices in five minutes by car.

Do you think it would be useful to end the moratorium on the office closures in order to close those in urban centres? That might generate savings to keep the post offices in rural regions.

[English]

Ms. Maureen June Winnicki Lyons: As someone who has lived in a rural community—a couple of rural communities, as a matter of fact—and who has spent the last 20 years, for the most part, living in Winnipeg, I don't even think I could tell you, with all positivity, where our closest urban postal outlet is, the actual Canada Post office. I think it's someplace in Saint Boniface. I've never been to it.

I wouldn't miss it. If it could keep rural ones open, I think it would be well worth it; I really do. I could see there also being the opportunity for those rural offices to become something more than they are right now, offering other services or potentially renting out space to different levels of government, to become a hub for the community. I really do think it would be well worth keeping those rural ones open.

[Translation]

Mr. Alupa Clarke: In 2013, when Canada Post implemented the community mailboxes measure in a number of municipalities, did you see or notice any changes in your company's sales? Did you notice a direct impact on your company?

[English]

Ms. Maureen June Winnicki Lyons: Did I see that in 2013? No.

I rely on what Canada Post tracking tells me about who is receiving their mail and where. I would have to say, according to tracking, that 90% of my Canadian customers get their parcels delivered to their door. There's a different final message on the tracking item line that shows when it's been delivered to a community mailbox. From that information, I have extrapolated that only 10% of my customers actually use a community mailbox.

I have been told by other eBay sellers that it's naive of me to believe that, because the drivers don't always enter the proper code when they're delivering something, so having that final line say it's been delivered to a mailbox is not necessarily the indicator that it was. This is coming from eBay sellers who are also consumers of Canada Post and who order online, who say they get all their mail delivered to a community mailbox, yet when their tracking shows it's delivered, it doesn't necessarily show it as having been delivered that way.

The Chair: Thank you very much.

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

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Thank you very much.

Some of the discussion has revolved around the services you think we might be able to cut in order to save other services. I'm wondering if either of you has ideas about what other kinds of services Canada Post might be able to offer that would be useful to you and would help generate other revenue for the corporation.

Mr. Nelson Leong: I don't know a lot about the operations within Canada Post.

Having a Lean Six Sigma Black Belt background, I know there are a lot of opportunities wherever you go. Canada Post needs to put those practices in place and look at the whole operation.

That's the only comment I can make.

Ms. Maureen June Winnicki Lyons: I'm afraid I don't know. I would love to be able to provide some really meaningful input for you that way. The only thing I can say is, unfortunately, to the negative.

For a few reasons, I would worry if Canada Post, specifically the authorized dealers, were to start offering postal banking. One is that the workers being hired by the franchise don't always know as much about the services as they could. The second is from a customer point of view. If I'm standing in line behind somebody who's buying so much as a money order, it makes me want to stab myself in the eye with my car keys, because it takes so long to process. To add postal banking to that, really meaningful banking, would be disastrous from a customer service standpoint unless they could somehow expand their employee base.

• (0855)

Mr. Daniel Blaikie: Mr. Leong, you mentioned that you use Canada Post for rural communities where you have customers because no one else is willing to go there. Do you want to speak a little bit more to the importance of Canada Post services for those rural communities?

Mr. Nelson Leong: Yes. Whenever our customers ask for Canada Post, they're always ecstatic to hear that they're able to deliver in those rural areas.

Whenever we approach Purolator, FedEx, or UPS, they get there faster, sure, but unfortunately, when there is no one in the house to deliver the mukluks to, they're very inconvenienced. Then some of these people have to travel 20 or 30 kilometres just to get their \$200 mukluks, and that's very inconvenient.

Mr. Daniel Blaikie: For instance, in terms of there being a role to provide service to rural communities, in the case of postal banking, we know about your customers who may also struggle to receive banking services. Do you think there might be merit in providing those services through their local post offices?

Mr. Nelson Leong: There could be, yes.

Mr. Daniel Blaikie: Okay.

I also want to speak to the nature of having a public post office. Here we are in a parliamentary committee, and if there are issues that have to do with Canada Post, you have an opportunity to air them and help put pressure on Canada Post. Do you guys see value in that? Have you had a better experience with Canada Post than, say, private...? Whether it's UPS or FedEx, do you see Canada Post as more responsive, either from a direct customer perspective or because you know that if you don't get satisfaction, there are other ways to put pressure on Canada Post to provide better public service?

Mr. Nelson Leong: Our experience is that whenever there is a warranty or a return—we have hassle-free returns—Canada Post, by far, has been the one that is willing to return our products without any issues. In fact, they are pretty much the only ones that have no issues with returning products to us.

With Purolator, you have to go through hoops and almost go through a deal to get your product returned without any questions asked.

Ms. Maureen June Winnicki Lyons: I have to say absolutely yes. Every aspect of Canada Post is something that I appreciate, both as a consumer and as an online seller. I wouldn't be able to do what I do or live the way that I do in Canada without access to its services.

Any time that I've had something that has caused me frustration with Canada Post, I've called, because I'm not the kind of person who will sit idly by and not let it bother me. A number of times when I felt that the issue was something that was beyond the capabilities of the very friendly people who answer the phone, I was sent on to a supervisor, who did take the time to talk through the problem with me, and I feel that after the fact it probably did have some impact in changing things slightly within the system.

The example I'll give you has to do with small packets.

In the brief period of time between Canada Post eliminating liability insurance on small packets and actually offering tracked packets, I think there were maybe four to six weeks where those two things did not overlap. As a seller, I had—surprise, surprise—a rash of “item not received” claims against me. I found that very frustrating, because it left me holding the bag. I couldn't complain to Canada Post about how my customers hadn't received their parcels, and it was left to me to refund the buyer when I had done everything that I needed to do to get the parcel into the hands of Canada Post for delivery.

Those were international orders, obviously, and I can understand how things become complicated there, because they're being handed off to an entirely different postal system after going through customs, but the supervisor I spoke to within Canada Post seemed to really understand my concern about that lapse in time between there being liability insurance offered and a tracking service offered. As a seller, I felt that by handing over my parcel to Canada Post, the employees, if there were less than honest ones along the way, would know that there was literally no way for anybody to track it if things went missing, because Canada Post, as a corporation, would no longer care. It wasn't responsible. I don't mean literally "would no longer care", but the potential for that was there.

Credit goes to that supervisor, who actually took the time to talk me through it, because I was feeling pretty heated at that point.

As I say, it wasn't just one time that this happened. There was a spell of them within a short period of a couple of weeks.

● (0900)

The Chair: Thank you.

Go ahead, Madam Ratansi, for seven minutes, please.

Ms. Yasmin Ratansi (Don Valley East, Lib.): I thank you all for coming here.

I think I'll continue on with what you've said, but first, what is the area of coverage for your customers? How big is it?

Ms. Maureen June Winnicki Lyons: Mine?

Ms. Yasmin Ratansi: Yes.

Ms. Maureen June Winnicki Lyons: I limit my worldwide shipping to most of the places that are insurable by a third party insurer. It's all across Canada, including the rural communities and the remote northern communities where it's harder to actually go to a store and get what you might need for your kids. You turn to eBay or other online venues to satisfy those needs.

My international customers would be for the most part Europe, the U.K., and Australia. I've recently opened up to all of the countries that are serviced by Tracked Packet, because for me that tracking is important. In theory, I ship to 31 international destinations.

Ms. Yasmin Ratansi: Okay.

Mr. Leong, would you comment?

Mr. Nelson Leong: For us it's coast to coast in Canada.

Ms. Yasmin Ratansi: Thank you.

For you—I'm sorry; I can't see your name and I have to wear glasses, for some strange reason—when you look at international posting that you're doing to the U.K., the U.S.A., and...did you say Australia?

Ms. Maureen June Winnicki Lyons: Yes, Australia is one of them.

Ms. Yasmin Ratansi: Those are already covered by treaties. We visited a plant in Vancouver, where we saw how Canada Post treats parcels, how efficient it is, how professional they are. It is a fantastic set-up. I'm so glad the supervisor was able to tell you that, but the Universal Postal Union treaty protects you throughout, really, so there should be tracking. I was surprised they didn't have it.

Did you know that China is your biggest competitor and that China is regarded as a third world country within the postal system, so its parcels cost 85¢, whereas yours might cost \$6? Perhaps there's a chance that Canada Post needs to renegotiate with those guys and bring them back to being not a third world country but a first world country so that you might get some better advantages.

In terms of the remote areas that you serve, you talked about how FedEx, UPS, and Purolator don't go to the most remote areas.

Mr. Nelson Leong: That's correct.

Ms. Yasmin Ratansi: It's Canada Post because they have that last-mile application. Do you find that your customers are satisfied that they get that delivery, that Canada Post provides that very useful service?

Mr. Nelson Leong: Yes. As I said, our customers give us feedback 20 to 30 times a day. We serve all over Canada. They're ecstatic when they receive their packages within two days, even sometimes in three days to the Nunavut or Yellowknife areas.

Ms. Yasmin Ratansi: You're satisfied with Canada Post's services.

Mr. Nelson Leong: Correct.

Ms. Yasmin Ratansi: Okay.

You talked about franchised operators not serving you well because they don't know how to do a MoneyGram, etc. We've been listening, and did you know that 40% of Canada Post's offices are now franchised? We've been listening to a lot of people and seniors complaining that in those offices the postal thing is not the first priority. They have to stock their shelves.

Would you like to see more franchised stores, which somebody may claim is stealth privatization—franchisees don't pay a fee—or more corporate stores?

● (0905)

Ms. Maureen June Winnicki Lyons: I'm afraid I don't know. I don't have a good basis of comparison for the service I would receive from a franchised store versus a corporation store. I just use the one that's closest to me, and that's the franchised one.

Ms. Yasmin Ratansi: You were about to poke your eyes out if somebody asked for a MoneyGram.

Ms. Maureen June Winnicki Lyons: A MoneyGram, or heaven forbid they need to change their address.

Ms. Yasmin Ratansi: Okay.

Here is the issue. In terms of the corporation itself, if it has corporate stores, the people are very well trained. They're there for a long time. They know customer service. There's the example you gave about the supervisor.

We're not talking about franchised stores being turned into postal banking. In remote communities it's access to cash, the economic divide. The suggestion that has come before us is that those very remote communities with corporate offices, about 1,200 corporate offices, can be turned into rural hubs that you talked about, or can be used for a very unrefined banking type of thing, because people need access to cash. Those are the suggestions that have been made. What do you think about those suggestions if corporate stores, where people are knowledgeable, do those things?

Ms. Maureen June Winnicki Lyons: That would make a great deal of sense to me. It really would, because I think it was in the mid-nineties that a lot of the big chain banks in Canada started to shut down a lot of their smaller branches.

I'm speaking again from the experience within Beausejour. There used to be two banks and a credit union and now there is one bank and a credit union, so anything that could be offered to supplement and make more purposeful the corporate offices in rural and northern communities would be welcome, in my mind.

Ms. Yasmin Ratansi: Mr. Leong, do your clients need access to cash? How do they pay? If they pay by credit card, is there a broadband problem?

Mr. Nelson Leong: For us it's different, because before we can ship our web orders, e-commerce orders, they have to pay cash first, or pay by credit card.

Ms. Yasmin Ratansi: Do your remote areas have enough broadband access to allow your customers to get online and pay by credit card?

Mr. Nelson Leong: Yes.

Ms. Yasmin Ratansi: Okay, fine. That was one of the issues that we were facing as well, that you can get postal banking but you need broadband access.

I do not not know how remote you have been, but do you think that the rural post offices.... We talked about removing the rural moratorium because rural becomes urban and suburban. Do you think the rural post office can act as a Service Canada type of hub? Have you had any experience? Do people access EI forms or social security forms or fishing licences?

The Chair: It will have to be a very brief answer. We're over time.

Ms. Yasmin Ratansi: We're out of time. Sorry. Please answer quickly.

Mr. Nelson Leong: No.

The Chair: Thank you very much.

We'll now go to our last two intervenors. They will have five minutes each. We will start with Mr. Maguire.

Welcome to our committee.

Mr. Larry Maguire (Brandon—Souris, CPC): Thank you, Mr. Chair, and thank you to our presenters for your presentations this morning.

I'm very interested in your discussions in regard to some of the remote and rural areas. Having driven six miles, 10 kilometres, to get my mail all my life, from a rural perspective, I'm interested in your comments about alternate-day delivery.

How would that impact your delivery of parcels? Would it impact or change your business purchases or those of the people who are purchasing your products?

Alternate days is one thing. I'll give you an example. As a politician, for 26 weeks of the year I'm in Ottawa. I leave on Sunday night. I get home on Friday night, usually, so I pick up my mail again on Saturday morning in my box in the area where I am. I get it once a week, basically. That's not everybody and you wouldn't want that, probably, for everyone, but what do you see as acceptable mechanisms, acceptable time frames, for delivery and pickup?

Mr. Nelson Leong: We're actually targeting same-day delivery, within 24 hours. A lot of our customers are, let's say, between 20 and 45, and a lot of these young folks want instant gratification. They want to see their products right away.

● (0910)

Mr. Larry Maguire: Ms. Lyons, would you like to comment?

Ms. Maureen June Winnicki Lyons: I have to concur with my counterpart. I offer same-day handling, which can be a little bit stressful at times because it means I have to get something delivered to my postal franchise office by no later than nine o'clock that night. I do strive to get it there by 5:00 p.m. so that it can make its way into the postal system that day and shave off an extra day from the delivery estimate.

For the items that I ship via Expedited Parcel, which would be 90% of my things, I think my customers would notice a delay if parcel delivery went to alternating days, because honestly one of the my strengths, again, as a Canadian eBay seller, with the toys that I offer and the selection that I offer and my target audience, is that I'm in Canada. I might not be less expensive, because I can't compete on price, but I can definitely get things to my customers faster than my American counterparts ever could dream of doing because their products have to cross a border.

For me, offering same day and then Expedited Parcel, if not Xpresspost, and having my customers able to get that merchandise within three or four days is really important. In the case of domestic Lettermail, something that goes into the mailbox, for me that would be something that ships in an oversize envelope, and I don't think that my customers would really care too much if it were alternating day delivery. I know as a consumer that wouldn't bother me too much. It's the parcels that are very time-sensitive. I know it's all paid merchandise, but if it comes by Lettermail, to me it's a different kind of mental expectation that goes into it.

Mr. Larry Maguire: Thank you. I certainly acknowledge that, and I think there is quite a difference between them.

Parcels don't come to me that way. I get a card and I have to go and pick them up, but 78% of Canadians are within two and a half kilometres of their postal outlet, so there is a big difference between the other 22% and that 78% in the distances they have to go.

The point is they have to go someplace to get it. If Canada Post chose to go to alternate delivery dates or every third day for letters, it probably wouldn't make that much difference to the folks. It does to businesses that still send out bills, but most bills are going by email now. On the parcel side, it certainly does make a difference, I agree. People want them as quickly as they can.

Would there be other competitive routes that you could choose besides Canada Post in those areas? If Canada Post chose to change their delivery, would you still be able to deliver your products in a timely fashion?

Ms. Maureen June Winnicki Lyons: I would hate to have to switch to a courier service, because of the price, and also because of the lack of convenience. If you do happen to miss that parcel when it comes to your door, it's really not fun.

I said in my testimony that I didn't do any online shopping. There was one instance this summer when I had to get something for my friend's children. I had to place an order with a large corporate entity, and they shipped via Purolator. They processed it really quickly, and it travelled to Winnipeg really quickly, and once it got to Winnipeg it sat on a truck for three days. I missed the delivery when it finally came. I had to drive to their depot, which is not that far from here, but it's far from my house. Then I stood in line and I waited behind six or seven other people, who all had the same problem. When I gave the poor gentleman at the counter a hard time about why it had sat in Winnipeg for so long, he said it was because they couldn't keep up with the orders that had come flooding in.

I think it was Purolator. I don't know; maybe it was FedEx. It was one of them, but the orders had come flooding in since the labour disruption had hit the news, and people started to avoid Canada Post.

The Chair: Thank you.

Our final intervention will come from Ms. Shanahan. You have five minutes, please.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Thank you, Mr. Chair.

Thank you very much to the presenters this morning. I'm very intrigued by the insights you've given us into your businesses, and really the future of Canada Post, I think, both from a commercial customer point of view and from end-users, because you're able, through Canada Post, to ship to any area in Canada.

Mr. Leong, we heard a little from Ms. Winnicki Lyons about her experiences with tracking and so on. What about you and your customers? How does your company handle tracking the deliveries, and how important is that to your company? It's great if people get their packages within two or three days, but I would think as a company you want to know more than just if it might or might not happen.

● (0915)

Mr. Nelson Leong: We have an automated tracking system. As soon as we ship something through Canada Post, our system automatically generates a tracking system. As soon as we upload—every five minutes or every hour, or whenever we choose to upload—we already have the tracking system. We don't worry about our tracking system, because 99.8% of the time Canada Post delivers the products, and we have hardly any complaints from our customers.

Mrs. Brenda Shanahan: Okay, but if there is a problem, how do you handle it with Canada Post?

Mr. Nelson Leong: We go online and search the item through the tracking number, and then, if we need to, we'll call our own agent.

Mrs. Brenda Shanahan: Okay. You're using the Canada Post tracking system, and that's not an impediment for you in selling.

Mr. Nelson Leong: That's right.

Mrs. Brenda Shanahan: What are your revenues per year? What are your gross sales?

Mr. Nelson Leong: They're roughly \$15 million, and 30% of that is e-commerce.

Mrs. Brenda Shanahan: Would you consider yourself a major customer for Canada Post?

Mr. Nelson Leong: Yes.

Mrs. Brenda Shanahan: Do you deal with somebody special there?

Mr. Nelson Leong: Yes, we have our local agent here, and we also deal with the local one in Vancouver.

Mrs. Brenda Shanahan: Okay. That certainly facilitates the order, because if something goes wrong with your deliveries, they're going to hear about it.

Mr. Nelson Leong: That's right, and they're very good. They're pretty much in our facility every month or every two months, both of them.

Mrs. Brenda Shanahan: Excellent. That's certainly what we saw when we were touring the facilities. You could see that major e-commerce retailers—just think of Amazon, or any of those major companies like Sephora, which is a beauty company—were major customers of Canada Post.

Now I'm concerned with your business. What do you call yourself, a small seller?

Ms. Maureen June Winnicki Lyons: We are very small, yes, in the grand scheme of things. I don't pretend to be anything but a small seller.

Mrs. Brenda Shanahan: How many Canadian small sellers are there like you, then, do you think? Are you part of an association? You talked about other sellers.

Ms. Maureen June Winnicki Lyons: Yes, through eBay. I'm one of eBay Canada's sellers. They're touchy about releasing the numbers of how many sellers they have. I'm under the impression that it's in the hundreds of thousands just within Canada. I don't know how we all rate against one another. I can't pretend to be a \$15-million-per-year entity. My revenue is much, much lower.

Even though I could qualify, perhaps, for one of the lowest tiers through solutions for small business, it's easier for me to just stick with PayPal shipping, which has negotiated its own arrangement with Canada Post. That's the discount I use.

Mrs. Brenda Shanahan: That's how you're able to access it, by the economies of scale or the benefit of an aggregate.

Ms. Maureen June Winnicki Lyons: Yes, that's right.

Mrs. Brenda Shanahan: When you have a problem with shipping, who do you call? Who's your special agent?

Ms. Maureen June Winnicki Lyons: I don't have one.

I admit that I'm a bit of a hound dog when it comes to tracking. I like to make sure that my customers are receiving their parcels as quickly as they're promised. I will keep on top of my tracking and my delivery schedules with my iPhone and the Canada Post app in case something goes off the rails, as did happen recently with something I had sold to a buyer in Calgary. She'd come back twice within a week to buy more of the same, so I knew she was a satisfied customer, and I wanted to make sure she was getting her orders as quickly as they were promised. One item that was shipped in a smaller box just disappeared after I dropped it off at the post office.

Mrs. Brenda Shanahan: As someone who buys on the Internet, I'm certainly very familiar with how important tracking is and making sure there's delivery. Would you benefit as a business from having somebody special you could deal with at Canada Post? Do you think that's something—

Ms. Maureen June Winnicki Lyons: Oh, probably, as long as they weren't overwhelmed by the number of people they needed to serve. Again, I don't pretend that I'm anything other than a really small seller.

The Chair: Thank you very much.

To both of our witnesses, thank you very much for taking time out of your obviously very busy days to be here. You've helped us greatly with your testimonies.

I invite you to submit additional information if you feel it would be a benefit to our committee during our deliberations. If you wish to submit additional information, then you can contact our clerk directly. You can get Caroline's coordinates before you leave for the day. We will be filing a final report with Parliament, probably in the latter part of November. If you do have additional information that you think would benefit us, then I would ask you to do so within about the next 10 days or so.

Once again, thank you so much.

We will suspend for a couple of moments while our next panel comes to the table.

• (0920) _____ (Pause) _____
 • (0925)

The Chair: Thank you very much, and to our panellists, our witnesses, thank you for being here.

I believe that most of you, perhaps all of you, were in the room for the first session, so you know how the proceedings work here. We will ask each of you to give a brief opening statement of five minutes or less. Following that, we will engage in a series of questions and answers with all of the committee members.

With no further ado, we'll start. Mr. Bennett, I have you first on my list. You have five minutes, please.

• (0930)

Mr. Glenn Bennett (President, Prairie Region, Local 856, Canadian Union of Postal Workers): Thank you for the time today.

I'm going to start with the decline in letter volumes. In recent years, Canada Post has been in the media telling Canadians that volumes are dropping. This is being done without full explanation,

and it leaves customers believing that Canada Post's whole operation is in decline. CUPW cannot dispute that the letters or cards that individuals send to family and friends are on the decline, replaced by email. However, we can point out that all the other product lines are increasing.

Here in Winnipeg, parcel volumes rose by 30% in 2015, and they are projected to rise by 28% in 2016. There has also been an increase in small packets by 6% to 8% annually, as well as moderate increases in Admail and business mail.

That said, Canada Post evaluates its operation regularly and will conduct volume counts and restructures on individual depots within a city. Locally, the last three depot restructures have increased the number of letter carrier routes, which can only indicate that volumes are on the rise.

With regard to lost revenue, Canada Post continues to focus more on profits than on what its real goal is or should be: to continue providing mail delivery to all Canadians from coast to coast. Canada Post has an opportunity to increase profits by looking at its current operation and ensuring that large-volume mailers are paying their fair share. Some of Canada Post's largest customers are allowed to take their mail to another country, such as the Dominican Republic, place that country's postage on their product, and then return that product to Canada and send it through Canada Post. This is referred to as remailing, and it is a huge source of revenue loss for Canada Post.

Canada Post also discounts postage rates for businesses that are high-volume shippers. These businesses get a 40% to 50% reduced rate from what the rest of Canadians pay. Again, this reduces profits.

Canada Post has focused their business on the popularity of online shopping. A lot of this product comes from Asia, and because of the international postage regulations for third world countries, Canada Post receives little to no revenue for this product. Because of this, major plants across Canada stockpile this product for weeks until they have the resources to work it, causing delays in service.

Finally, the federal government is not charged for mail being sent out, nor are Canadians charged for sending mail to any branch of the federal government. Also, MPs are allowed to send out regular Admail for no cost, which letter carriers deliver at a cost to Canada Post of 2.3 cents per piece.

There are several new initiatives that Canada Post could add to their existing operation that would help it financially. It could supply letter carriers with books of stamps, envelopes, and small packets that could easily be sold at the door. It could have shipping specials for products that fit into a specific size requirement. It could have charging stations for electric vehicles. Door-to-door letter carriers could check in on seniors or people with mobility issues. It could deliver locally produced food. It could offer postal banking. These initiatives and others can be found in the document that I've provided you with today.

In conclusion, with an aging population, Canada Post needs to maintain its door-to-door service and reinstate door-to-door service to those areas already converted to community mailboxes. These community mailboxes have had serious problems with seniors slipping and falling, with thefts, with frozen locks, and with placement in dangerous low-light areas, to name a few.

With Canada Post continuing to be profitable, it has an opportunity to improve on its existing operation by adding services that will not only help financially but also allow them to branch out into new areas, increasing the number of customers using the post office.

Canadians rely on Canada Post to deliver on a daily basis and to maintain the service that customers expect. Businesses of all sizes rely on Canada Post to send their products and to receive payments and goods that keep their businesses going.

Thank you.

The Chair: Now, Mr. Fisher, I understand that you want the remaining time, which is only about 40 seconds.

Mr. Gord Fisher (National Director, Prairie Region, Canadian Union of Postal Workers): I want to make the committee aware of something that is referred to by Canada Post as network changes.

Specifically in western Canada, there are six major processing centres. In addition, of course, we have many smaller communities and mid-sized communities. Through the network changes that Canada Post has imposed since approximately 2008, we've seen a deterioration of service in the smaller centres because the practice has been, under the network changes, to ship mail to larger centres, even mail that is destined for that smaller centre.

For example, I know the committee was in Moose Jaw. In Moose Jaw, formerly if you mailed a letter or other items to people within the area of Moose Jaw, it would be sorted in Moose Jaw and most times it would be delivered the next day. Now Canada Post will ship it to Regina. Canada Post has taken that one step further, and now we see them ship mail over weekends to be processed in places like Winnipeg, for example. Through the network changes, we end up with mail moving across. It makes it more machinable and saves a small amount of money, but it causes a considerable deterioration of service, especially for people and businesses in those mid-sized centres.

• (0935)

The Chair: I don't want to cut you off, and it's a valid point. We've certainly heard that in other areas across Canada. We heard that from people in Dryden, Ontario, as an example. They ship mail from there to Thunder Bay and then it comes back, so rather than one-day delivery, it's now four-day delivery.

Mr. Barnett, you're up for five minutes, please.

Mr. Daryl Barnett (Director, Labour Relations, AIL Canada): Thank you very much.

Members of the committee, thank you for providing American Income Life with the opportunity to comment on the future of Canada Post.

My name is Daryl Barnett. I am the director of Canadian labour relations for American Income Life Insurance Company.

As a Canadian, I personally recognize Canada Post as a valued service throughout all communities of Canada. Canada's post office was created in 1851, 16 years before Confederation, as documented by the Government of Canada's postal service historical overview. The Canadian postal service is part of our social fibre that binds us together as Canadians.

As background, American Income Life Insurance Company, better known as AIL in Canada, is currently licensed in Canada and the United States of America and is registered to carry on business in New Zealand. We currently have more than 7,000 representatives and employees internationally, which includes representatives in Canada. American Income Life, along with its New York subsidiary, National Income Life, services 10.8 million working families and has more than \$50.4 billion of life insurance in force.

Our Canadian headquarters happen to be right here in Winnipeg, Manitoba, our public relations headquarters, and we have public relations and provincial general agent offices throughout Canada.

AIL contributes to the economy and community through the payment of taxes and services and by providing insurance to Canadian working families. We are a community-minded organization and are involved in many national, provincial, and local activities. As a company, we are able to provide career opportunities to local residents of Canada.

Since 2010 the Canada Post Corporation and its employees have processed over five million standard pieces of first class mail from AIL to our customers. The number does not include individual Priority post packages, non-standard and oversized packages, or other pieces of mail associated with AIL's business on a normal day.

In 1981, through legislation, Canada Post became a crown corporation and guaranteed basic services to Canadians. This universality is imperative to the type of work and product that we deliver to our Canadian customers. Canada Post and its employees provide a valuable service to AIL and our business plan in Canada.

We support initiatives to strengthen Canada Post and its service to Canadians. We do not support community mailboxes as an alternate delivery method. In our view, this method carries with it decreased security and an impediment to seniors, the poor, and disabled. Obviously, as discussed earlier, weather conditions create a large concern in terms of frozen locks and access to mail.

We continue to support door-to-door delivery as, in our view, this provides a convenient, safe, and universal method of mail delivery. Door-to-door delivery supports our business plan. As research indicates, door-to-door customers were less likely to throw away mail without reading it as compared to customers with a centralized type of delivery system.

At American Income Life Insurance we also support a strong workforce, and we believe we need to protect workers as well as the long-term economic interests of Canadian businesses. This, in our view, is accomplished by businesses supporting policies that create a robust middle class, spur economic growth, and create shared prosperity.

Employees of Canada Post covered by collective agreements provide a secure, well-trained workforce and have the ability to financially contribute to strong communities. The idea of replacing postal workers with retail workers at lower wages does not, in our view, contribute to a strong economy or a strong community.

That being said, we do not support any regression in negotiated benefits, terms, or conditions of postal workers. We support Canada Post as a viable business. Changing how Canada Post delivers mail should, in our view, include changing how Canada Post operates. We believe that the community could utilize Canada Post facilities differently. Rather than having Canada Post move to retailers, look at creating retail and other services through Canada Post.

I thank you very much for your time.

● (0940)

The Chair: Thank you for your presentations. We'll now start with our question-and-answer process.

Go ahead, Ms. Shanahan.

Mrs. Brenda Shanahan: Thank you, Chair, and my thanks to the presenters for being here with us this morning.

Just off the top, I'd like to ask each of you kind of a tone-setting question.

The mandate of Canada Post is quite a challenging one, with the universal service obligation as well as the need to be a business on a sustainable basis. In your opinion, should it be service first or business first for Canada Post on a going-forward basis?

Mr. Gord Fisher: I think that it should be service first. It is a public service. The profits Canada Post is capable of making as a postal enterprise by expanding the services can pay for that. It's been our position for 30 years that profits should be used to improve and increase the service to the Canadian people. I would say service always has to come first in a public-service organization.

Mrs. Brenda Shanahan: Thank you very much.

Mr. Bennett, I guess you're passing. All right.

Go ahead, Mr. Barnett.

Mr. Daryl Barnett: For us, service is a very important part of our business plan because of the way we work with our customers and the members of organizations we work with. The service to the customers is paramount. As far as business goes, we would see that going hand in hand with the service. At Canada Post, the business aspect and the service aspect should be working together in ensuring that the service is of paramount concern to us as a company.

Mrs. Brenda Shanahan: Thank you very much.

Indeed, I'm very interested in the input you have for us, Mr. Barnett, about the business side of being a commercial customer of Canada Post. We heard from the earlier panel about the nuts and bolts of delivery and tracking, and we heard earlier testimony this week about the importance of time-stamping on letter delivery, especially for big mailers. I would think in a business such as life insurance you have very time-sensitive mail that goes out to customers, like the renewal of life insurance policies, and you need to know that people have received those notices.

Can you talk to us about your relationship as a commercial customer of Canada Post? What are the experiences of your business and what could be improved?

Mr. Daryl Barnett: The experience of our businesses is that we work with multiple customers across the country, which usually have fairly large membership bases, whether they're a non-profit organization or a community organization. When we work with an organization, we set up a process with them of identifying to their members that American Income Life is a product and has a product that their members might be interested in. The way we go about doing business is that we have a two-tier customer system: the first tier is the organization we work with, and the second tier is the actual members of that organization.

Mrs. Brenda Shanahan: How do you actually use Canada Post in your business?

Mr. Daryl Barnett: We do direct mailing through the organizations to the members of the organizations.

Mrs. Brenda Shanahan: You're using Admail or solicitation mail.

Mr. Daryl Barnett: It's first class mail that goes to individuals.

Mrs. Brenda Shanahan: What about follow-up once people have policies? What about that kind of mail?

Mr. Daryl Barnett: Once again, it's first class mail through Canada Post. In some cases, it will be Priority post, depending on what the documents are that are being sent.

Mrs. Brenda Shanahan: To your knowledge, is your company dealing with somebody, a specialized person, at Canada Post?

Mr. Daryl Barnett: Our Winnipeg office is our head public relations office, and it probably does have somebody designated, but as for our other offices across the country, they do not.

Mrs. Brenda Shanahan: One thing that we did hear about in earlier testimony from business owners is that labour disruption, or the threat of labour disruption, is a huge deal-breaker for them. They need to find alternate routes of delivery, and some of the small sellers on the Internet even had to stop selling.

Mr. Fisher or Mr. Bennett, what kind of assurances can we have in the future? If parcel delivery is the way to go, and I think it is, that could be a huge deal-breaker for future growth.

● (0945)

Mr. Gord Fisher: Certainly there are collective agreements and they're subject to negotiations that come up. I think that this largely comes up, of course, because of what we saw this past summer. From the union's viewpoint, that was a self-inflicted wound by Canada Post. We were very clear, and we've been very clear for a number of years, that when we are in a labour dispute, we want to have a minimum impact in respect to the customers. We have taken extreme measures to ensure that.

If you look back a number of years ago to the last labour dispute that occurred in 2011, at that point we simply had rotating strikes, which slowed down the system but didn't stop it. For us, customer service and being able to keep that mail stream moving is paramount for the Canadian people. If you look back a number of years, that's been our history.

It hasn't been what it was, such as in 1981. That was 35 years ago. It was the last time we had a full-out postal strike. Always it's been rotating strikes, and usually it's only come to a point where there was no postal service as a result of either government intervention or Canada Post locking us out and shutting down the service.

As I said, the most recent one was a self-inflicted wound. We were very clear that we wanted to make sure the Canadian people continued to get mail even though there was a collective agreement being negotiated, and even though under the Canada Labour Code we had the right to strike.

Mrs. Brenda Shanahan: That's interesting.

What are the ways forward for a more collaborative approach to making sure that Canada Post remains sustainable on a go-forward basis?

Mr. Gord Fisher: More sustainable in respect to the labour relations issue and—

Mrs. Brenda Shanahan: To business growth, so that we can have a viable business. The remarks we've heard have been very interesting. Nobody disputes that letter mail is declining, but it's very interesting to see the growth in parcel mail and where that can go in the future. However, there will be other competitors coming into that marketplace. It doesn't take long for other people to see where the opportunities are.

Given that the strength of Canada Post is that it's an already established distribution network, what are employees willing to do at Canada Post to make sure that remains a strength?

The Chair: I'm afraid, Mr. Fisher, you're going to have to hold that answer. When Mr. Blaikie asks you a question, you can perhaps expound on that.

I remind all panellists that the seven minutes or five minutes are for both questions and answers.

We'll go on to our next presenter, Monsieur Clarke.

If you are not fluently bilingual, you may want to put on your headsets.

[*Translation*]

Mr. Clarke, you have seven minutes.

Mr. Alupa Clarke: Thank you, Mr. Chair.

Good morning, everyone. My thanks for being here with us today.

Representatives from the Canadian Union of Postal Workers have been at almost all the committee meetings held this week. You are diligent, that's fantastic.

I would like to begin by asking Mr. Bennett how many members there are in his local.

[*English*]

Mr. Glenn Bennett: The Winnipeg local has about 1,400.

Mr. Alupa Clarke: Okay. That's impressive.

[*Translation*]

Last week, I noticed across Canada that most of your colleagues seem to have doubts about Canada Post's deficit estimates. I'm

talking about the \$750 million deficit estimated by 2026. Do you have doubts about those estimates, just like your colleagues in the rest of Canada?

[*English*]

Mr. Glenn Bennett: Are you speaking of the projections by the Conference Board of Canada?

[*Translation*]

Mr. Alupa Clarke: Yes, I'm talking about Canada Post.

[*English*]

Mr. Glenn Bennett: Those projections have failed miserably across the board. They have not even come close. In fact, one of the projections was over \$300 million in the wrong, so I don't have any confidence in that report at all.

[*Translation*]

Mr. Alupa Clarke: I can understand your doubts, but I'm a little confused about something. The task force appointed by the Liberal government has released its report recently—our study follows up on the report—that presents the same findings about the deficit as Canada Post.

How do you explain that, three years later, the task force has come to the same conclusions, flawed conclusions according to you?

● (0950)

[*English*]

Mr. Glenn Bennett: I don't know who provided you with the numbers.

I know Mr. Deepak Chopra sits on the board of the Conference Board of Canada, and I believe he probably provided those numbers. There was no indication going forth that those numbers were going to be hit. In reality, when the numbers come out and the Canada Post profits come out, they were way above what the projections were.

I don't know where you got the numbers and what you're looking at, but—

Mr. Gord Fisher: I can add to that. Part of the report that came out from the original committee—and the union has already made it clear that we have our issues with that report—in fact based the numbers on the Conference Board of Canada report, which included—

Mr. Alupa Clarke: There was a study by Ernst & Young that came to the same result.

Mr. Gord Fisher: Yes, but they didn't do their own analysis. They looked at the Conference Board of Canada report and accepted it, and that has already been proven to be completely wrong. It was proven within a year, when they projected that in the year after the report or the year of the report there would be a \$200-million loss. There was actually a profit. We have seen that repeatedly. There are many articles on that report and consideration of it.

The problem with that report is that it never took into consideration or did any independent analysis, so to take that and accept it as part of the committee's report is erroneous. They have to do their own investigation and look at their own numbers, because it just hasn't turned out to be true, and there are all sorts of holes in it that have been debunked over the years.

In fact, I would say that Canada Post is very much in a position to make a lot of profit through a lot of different services it can offer.

[Translation]

Mr. Alupa Clarke: In 2013, Canada Post submitted its five-point action plan. One question springs to mind.

Have the Canada Post workers proposed a similar plan to ensure the corporation's long-term sustainability?

[English]

Mr. Gord Fisher: I think I got the question right. I may have lost a bit of it there.

Essentially, in terms of the longevity of Canada Post, the union has promoted expanding Canada Post's services since the early 1980s. We've always seen that in order to have better services, you have to take avenues to make more profits. You have the largest retail network in the whole country. You have access to areas no one else does. Postal banking is just one of the examples. I'm sure this committee has heard numerous other examples of services that could be offered by Canada Post.

The only reason that has been given for not doing those services.... What we've mainly heard from Canada Post about postal banking, for instance—not to give the whole answer but to paraphrase—is that Canadians are already serviced well by the existing banks. That's not a reason, if you want to have services, not to get in and compete. As was raised earlier, Canada Post competes in numerous areas. When you have that retail network and you can be successful, we say as a union that it's fundamental to get into those areas and compete for it.

If businesses want to compete with Canada Post, which they do, that's fine. As an enterprise, in order to provide service—which is the obligation it has—Canada Post should also be able to go into areas where it can make profits and compete with those businesses. That should include banking and other services they may be willing to offer.

[Translation]

Mr. Alupa Clarke: How much time do I still have, Mr. Chair?

The Chair: You have one minute left.

Mr. Alupa Clarke: I think the big problem now is that there are two visions that are based on two different assumptions. Canada Post management claims that there will be a deficit in 10 years, and that the profitability and the very existence of the corporation are threatened. However, labour unions argue that the profitability and solvency are fine. Personally, I take a neutral position.

Assuming that Canada Post is right, and that a huge deficit builds up within 10 years, do you think it would be laudable and reasonable to ask workers to make efforts? Let's not really talk about salary cuts, which nobody wants. Would your union be ready to accept a reduction in annual sick leave?

Actually, most Canadians don't have access to those types of benefits. In your opinion, how much effort should workers put in on their own initiative to improve the situation at Canada Post?

• (0955)

[English]

The Chair: Give a very brief answer, please.

Mr. Gord Fisher: I think the workers at Canada Post have done that. In the last two or three rounds of bargaining, there were items given up by the postal workers that Canada Post considered to be things that cost it, that affected the bottom line dramatically. Postal workers no longer enjoy sick leave days. They have a different system that the employer wished to impose upon them because it saved money. Postal workers no longer receive severance pay when they leave the corporation. That's something they have given up.

Postal workers have given up a lot, but what we haven't seen is a commitment from Canada Post to go in a direction of making sure that it can be profitable. A large part of the problem is that since 2008 Canada Post has kind of gone in the other direction, which is to restrict its ability to make profit rather than to enhance it.

The Chair: Thank you.

Go ahead, Mr. Blaikie, please, for seven minutes.

Mr. Daniel Blaikie: Thank you.

I want to pick up a bit on Mr. Clarke's thesis that there really are two competing visions for Canada Post, and that's part of what this is about. On the one hand, you have a vision that says we're headed for deficit. I think we've heard that those numbers are highly questionable and unfortunately seem to be perpetuating themselves. That's one view, and that view limits itself to asking, "What do we have to lose from Canada Post in order to make it financially viable in the way that it already operates?"

The other vision is that Canada Post and the infrastructure it has is an opportunity to provide good service to Canadians. It's a valuable public asset, so how do we enhance it as an institution whose main purpose is to provide good and needed services to Canadians where they live? What are some of the mechanisms by which we can expand that mandate and also provide the revenue going forward, not just for the new services, but also so that if some of the older valuable services need to be subsidized by other activities of the corporation, there are ways to raise the revenue within the mandate of the organization?

I think it's clear what side of that issue CUPW is on. I wonder if you want to take some time to explain that vision a little better.

Mr. Glenn Bennett: I'll start, and then Gord can probably add to it.

Yes, Canada Post has a big commitment here, and that's to deliver the mail right across this country, from coast to coast to coast, as I mentioned. Logistically, we now have that set up, and I don't believe that we're taking advantage of it. We have the opportunity to add postal banking into our operations. Where we see banks pulling out of small communities and northern communities, we have an opportunity, because there's a post office in the community, to move in and set up some sort of banking, whether it's just a small set-up or whatever Canada Post can arrange in an agreement to move into that operation.

There are also a lot of services that have been cut by Canada Post, such as the food to the north program and things like that. We should be using our existing operation to put those services back in and to even expand them.

Gord, I don't know if you....

Mr. Daniel Blaikie: Just by way of example, here in Manitoba, our hydro utility is publicly owned. Some number of years ago, for instance, what that provided for was that the government was able to offer to Manitobans the service that they could break up their pharmacare deductible over 12 months and pay it on their hydro bill. Initially, they had to pay it in full at the end of the year.

When you have strong crown corporations, you are able to offer services to your citizens in a way that you just wouldn't have that mechanism set up for otherwise. I think that's part of the vision that you guys are presenting for Canada Post.

Mr. Gord Fisher: Yes, for sure. I mean, you have the disadvantage of having the expense of delivering to remote areas, but you can take advantage of that and offer services in those remote areas. Be prepared to do tailor-made services. If you're dealing with a place such as Inuvik or Tuktoyaktuk, where other services aren't offered, you can tailor a post office to offer those services and make a profit from those services. That's going to offset the additional costs you incur as a result of having to deliver there. I think that point is exactly true, just like the example you gave. Canada Post can do that.

It's an interesting situation, because the union sits there and has been saying since primarily 2008—maybe somewhat before that, but really since 2008, which, incidentally, was the year of the last mandate review of Canada Post, as you're aware—that Canada Post can and will make profits. They have made profits, and they do, but Canada Post has always been saying that the sky is falling in, that they're losing money, and they've tried to basically take away services and to take benefits away from the workers. We say that's just the wrong direction for this company to go in.

What we should be doing is talking about every possible service, competing where necessary and offering services where they're not offered. In doing so, they can make tons of profits. It's almost impossible not to if you manage it properly and you operate it properly. In fact, they have, because we know that over the last 20 years there have been \$2 billion in profits that have been turned over in dividends and taxes to the federal government. Personally, I think that should have gone more into expanding services for Canadians who paid for it, but the reality is, that's the amount of money left at the end of the day once all the operating costs are paid.

Thank you.

• (1000)

The Chair: You have two minutes, Mr. Blaikie.

Mr. Daniel Blaikie: It seems to me that when people are talking about politics, we often hear that there are revenue challenges for governments. We certainly hear it in the House. As you know, there are revenue challenges for governments, so it seems to me that if you have a crown corporation that can offer services at fair prices and generate revenue with them, that revenue either gets reinvested in services through the corporation or, God willing, there's a big enough surplus such that some of it can be transferred and used for other things.

At the end of the day, if there's a core of services that need to be offered through government, Canadians have to pay for that in some way. If some Canadians are paying for that through a fair and reasonable price for services they value, and there's a surplus and that gets applied through government to other things that we also need, is that not...? We hear about the need to lower taxes and everything else, but we also need to find revenue to provide government services. If you have effective crown corporations that are able to deliver services at fair prices and generate a profit, is that not desirable from the point of view of raising revenue for the government for other things?

The Chair: You have about a minute.

Mr. Gord Fisher: Certainly it is very suitable when the profit margins hit the point where you can basically take the profit and use it to provide other services.

My concern is that even when they make hundreds of millions of dollars of profit, they haven't done that. They have still increased prices to the customers, to the businesses that use it. We would like to see, sometimes, the service improved without price increases to the customers. I think that by and large, that will result in more mail in the system, more utilization of the service, and certainly more profits, if you're providing better service.

The Chair: Thank you very much.

Mr. Whalen, you have seven minutes.

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

Thank you all for coming. This has been a long series of meetings that we've had across the country. I just want to take the opportunity to discuss a little with the CUPW representatives about some of the things I've heard. I have a couple of questions. It's a bit of a surreal conversation, because I've had this conversation over many meetings over the course of three weeks. I'm always part of it, but it's always a different person on the other side.

I just want to let you know that we have heard a lot of what you've said. We are very concerned about protecting middle-class jobs. We have concerns that with the amount of money that workers earn in the postal system now, it's difficult for them to afford a middle-class lifestyle on those salaries. The benefits are still good, but they're not as good as they were. We recognize that it's posing a very difficult situation for postal workers and their families.

We've talked about a few things, and I've learned a lot. On the Universal Postal Union, my understanding is that the China situation will soon be resolved and that they will be affected by new rates in 2018, largely pushed by the Americans. I'm not sure how that affects international rates from other countries. Certainly the Dominican Republic, for instance, is not going to be considered a developed country.

My first question is for Mr. Bennett.

Would Canada Post and the union be okay with having the Government of Canada consider these lower rates for international mail received from developing countries being officially recognized as official development assistance, and then maybe the Government of Canada could pay some type of subsidy to Canada Post in recognition of the fact that the Government of Canada is really sponsoring and supporting the mail service of a developing country?

Mr. Glenn Bennett: For the product that's coming in from the third world countries, Asia is what we are particularly concerned about. We know that product is coming over by the boatload, and it's being stockpiled in China until they can load it on. It's being entered into our system.

In fact, in Vancouver it's sitting there in trucks, waiting to be worked, and then it's—

• (1005)

Mr. Nick Whalen: But from a subsidy perspective, to the extent that developing countries aren't paying market rates, which you don't think are fair for the services being provided, how should the Government of Canada recognize that? Is that worthy of a subsidy to Canada Post?

Mr. Glenn Bennett: I mentioned in my report that it's sitting there and it's costing Canada Post money. We need to do something. If you say that there's assistance coming in 2018 through the international postal fund, that's probably good news for Canada Post. Literally, it's losing money on this product.

Any assistance through that would be great. Then if there's a subsidy required, then yes, Canada Post needs a subsidy from the Canadian government.

Mr. Nick Whalen: We had a chance to visit the Vancouver sorting facility. It's very impressive. The workers are all working very hard at that location, processing millions of parcels and pieces of mail. It's very impressive.

Differentiating the levels of service that people receive provides an opportunity for Canada Post to leverage those differential services to charge more money. Could we have a relaxing in the overall universal service standard, say to three days, and then allow Canada Post to leverage its business, to charge more for same-day delivery, so that it can compete with other providers of same-day delivery services and provide more of a differential service? Would the union be okay with something like that?

Mr. Glenn Bennett: I believe that exists already.

Mr. Nick Whalen: I mean going further, to further reduce the level of service that regular mail receives to further enhance the value that could be gleaned from people who want same-day delivery or 24-hour delivery.

Mr. Glenn Bennett: Do you mean—go ahead.

Mr. Gord Fisher: I think in terms of relaxing the current service standard, as you gave an example of, for first class Lettermail, people already pay a significant rate and there are vast volumes. When you went through the Vancouver plant, I think they've got about 14 MLOCs, which probably cost half a million dollars or more, or probably a couple of million dollars per machine. That is just for handling Lettermail. It's still the number one product. They still have more pieces of Lettermail than they have of any other product.

To relax those standards would cause an accelerated erosion. They still make money off Lettermail, so to basically say that we're going to have—

Mr. Nick Whalen: “No” is a fine answer. I'm just trying to probe into ways that we can try to drive revenue and what the union thinks about it.

In terms of union involvement in management of the organization, would the union be open to having seats on the board of directors of Canada Post to be more collaborative in leading the direction of how we manage this change?

Mr. Gord Fisher: Now, that's a tough question. I've got to say that, because I've been a postal worker since 1981. When Canada Post became a crown corporation, there were two unions at that time, and each union was offered, at a different point, a position on the board of directors. This happened originally.

One union, CUPW, said absolutely no, while the LCUC said okay, and their president actually sat on the board of directors of Canada Post.

Now those two unions are together.

It's not a decision we've made as a union, and I, as a union officer—and I think Glenn as well—couldn't speak to that until we have a debate about it. I know that goes to the governorship of Canada Post, which is an issue this committee has. I have to tell you that we have not made that decision. We're a democratic organization. It takes a while to make decisions such as that.

Mr. Nick Whalen: Another question is in the same vein. We've heard from pension experts who have spoken to us about the desire to have the pension treated on a going concern basis rather than on an insolvency basis. One of the experts we heard from suggested that this would be an appropriate accounting standard if the plan were jointly managed.

Have you discussed the possibility of jointly managing it, pulling the pension plan out of the corporation and having it stand alone, jointly managed? It could be removed from the labour negotiations, and you could say, “Here is the pension. It's a totally separate thing, jointly managed, going concern”. Would you guys be up for it? Would you promote that to your members?

Mr. Gord Fisher: We've not taken the position that responsibility for the pension plan should be taken away from Canada Post or that if there is a deficit in the pension plan, they should be responsible for it.

What we have said is that in some of the changes to the pension plan that we've put forward or considered over the last seven or eight years—basically since it became an issue in 2008—we should be more involved.

Presently we sit on the advisory committee. The different unions within Canada Post should not just be advisers; they should actually be on the pension plan board and make decisions about the pension plan, because they represent workers whose money is being dealt with there.

• (1010)

Mr. Nick Whalen: This is why I—

The Chair: Thank you.

We're going into our final two interventions now. They will be five minutes each.

Go ahead, Mr. Maguire.

Mr. Larry Maguire: Thank you, Mr. Chair.

Thanks to the witnesses for being here today and making your presentations.

I just want to go back to the question of my colleague, Mr. Clarke, for a moment in regard to the Ernst & Young studies and your views on those studies. Do you have any more to say regarding the financial position of Canada Post, both now and for the future?

It may involve some of the alternate operations that you were talking about. Would you like to expand on that as well and give just a bit of a vision of where you see it going?

Mr. Gord Fisher: Yes, certainly. I don't disagree that with the decline in Lettermail, profits can be an issue. Canada Post has to find ways, and I think there are two ways that they can increase their profits. We've talked a lot about that, whether it's getting into logistics or whether it's providing other services, such as postal banking. With the retail network they have, they should be looking at every possible opportunity they have to make money to ensure that they can be a viable service.

The other thing we would recommend that Canada Post has to do is make sure that they maintain the service. Where we've seen a decline in service, we think that also... I think anyone with a business would tell you that when they stop giving the services, there is a general decline of the business over time. We're saying that you shouldn't be doing that. You should be expanding and you should be improving the ability of customers to get items immediately.

We're already seeing signs of that, as a result of the most recent negotiations and the tentative agreements looking at same-day parcel delivery, which I'm sure the committee has heard about, in major centres all across the country, so that you would actually get the evening delivery.

Certainly I could see how some of the presenters from the previous panel would appreciate that in their lines of business and the difficulties that they can encounter getting items to the customer.

I don't know if Glenn wants to follow up with anything.

Mr. Glenn Bennett: On the existing business, let's not kid ourselves: there is still a lot of mail in the system. I go to the work

floor and trucks are leaving, packed and stacked with hundreds of parcels going out on a particular route.

Just the other day, I received an email from Canada Post informing us that they were moving another eight street letter boxes from a northeast corner in Winnipeg. We talk about declining volumes and how it's affecting the operation. Does that not lead to more declining volumes when you remove the furniture that people are putting those letters into?

Thank you.

Mr. Larry Maguire: Just as a comment, one of the committees I'm on is also looking at heritage. We're looking at how to get news into rural and remote areas, and I noticed your comments in regard to other alternative businesses that Canada Post could get involved in and offer at their depots.

You were talking more about the remote areas. Do you think they should offer those services and make sure we offer them there? Do you think they should offer those services in areas where private industry is already offering them? Would they be offered in remote areas that presently don't have those services?

Mr. Gord Fisher: That's a fundamental question of whether, when Canada Post is already providing a service, Canada Post should compete and maybe offer a service that's even elevated. Where a service isn't offered, especially if it's a profitable service outside of the core undertakings, I don't think there's any doubt that Canada Post should be offering that as a service to the Canadian people, and that makes sense. When you get to the competition, do you offer something that's already being offered?

I would say that if you're going to make Canada Post compete—and it does, except for universal service obligations for first class letter mail—then Canada Post competes with probably 35 carriers in the industry with parcels, packages, and express items. That range includes everything from UPS to Purolator, FedEx, Dynamex, Acme Courier Service, and a couple of hundred courier companies that you see in most major cities. If they're going to be competing in the parcel market, the package market, and the express market, then why don't they have the right, if there are profits available, to go in and compete in other markets where there is a service that's required, even though there is another party in it? I think that applies to postal banking as well, because we know there are banks.

Do you just offer it in remote areas, or do you offer it where you can make a profit? We would say they should offer it where they can make a profit. It has to be both ways. You can't be expected to provide a service and not make any profits from that service, or even lose money on that service, and then it's looked at, and the conclusion is that it's time to get rid of the service. Your competitors are taking money away from you, but you can't compete with them in the open marketplace.

• (1015)

The Chair: Thank you very much.

The final intervention will come from Madam Ratansi for five minutes, please.

Ms. Yasmin Ratansi: Thank you all for being here, and we appreciate the service that Canada Post and its workers provide.

I need a clarification from you. You were talking about revenue bleeding, and one of the suggestions you made was that you provide free service to MPs. Canada Post receives \$22 million from the government on that, which is equal to about \$60,000 for the 338 employees, and I think you're well compensated for that.

There's one other area I'd like to capture. Mr. Barnett, you talked about how since 2010 you've been doing \$5 million in business with Canada Post. Is that one of your substantial costs, or is it reasonable?

Mr. Daryl Barnett: It's certainly a cost that we look at and keep track of. We're aware of the cost increases that have happened with Canada Post over the last number of years, and we've been tracking that.

Once again, Canada Post is part of our business plan, and when Canada Post does an increase, we have to adjust in other areas, which we do.

We do track it. Is it a concern? We watch it, but we continue to do business with Canada Post, and that is what we continue to want to do in the future.

Ms. Yasmin Ratansi: Thank you.

You are satisfied with the service that they provide, and you think it's value for money.

Mr. Daryl Barnett: Absolutely.

Ms. Yasmin Ratansi: Thank you.

I heard from your presentation that you do not believe the figures that the Conference Board of Canada gave, or whatever. What about Ernst & Young? That's the reputable audit firm that has justified it. Yes or no—do you agree with their figures and do you think that those figures are not...?

Mr. Glenn Bennett: I haven't seen enough of the Ernst & Young figures to—

Ms. Yasmin Ratansi: The audited statement?

Mr. Gord Fisher: I haven't reviewed them thoroughly, with the analysis set out.

Ms. Yasmin Ratansi: Okay, fine.

You talked about the task force. The task force took the Canada Post audited statement and then went forward with it. Do you think the task force didn't do its due diligence?

Mr. Gord Fisher: There were a few issues that arose from what the task force did. I mentioned one previously, which was what they seemed to take as the profitability of Canada Post on a go-forward basis. The other one was that they basically took a position that was primarily counter to postal banking, and I—

Ms. Yasmin Ratansi: I'll come to postal banking in a minute, so I'll stop you because I have very little time.

In countries across the world where the post office has declining revenues, they have adopted postal banking in different forms, whether it's private or public partnership, etc.

Where would you like to start the pilot project for postal banking, and what other international experience options, other than postal banking, have you ever looked at? Some academics have told us there are tactics from across the globe that you can probably adopt.

Mr. Gord Fisher: I'll answer the first part and leave the second for Glenn.

In terms of postal banking, what I would like to express is that it is viable. It shows that it would probably, even in the task force report, have about a 30% market share right off the bat. That's in the task force response.

If they do pilot projects, as is common, I would like to see them done in a number of different areas, both rural and remote and maybe inner city, and identify a number of places to do pilot projects. I would encourage that they be offices staffed by Canada Post with CUPW members, not the franchises that people earlier have talked about. That would give the most control and would be the best way to assess how profitable they would be and what services they could offer.

Ms. Yasmin Ratansi: Mr. Bennett, what other international experiences do you think Canada Post should adopt as best practices?

Mr. Glenn Bennett: The best practices from other international areas...?

Ms. Yasmin Ratansi: To make more revenue...

Mr. Glenn Bennett: I have no idea. I haven't studied that, so I'll pass. Maybe Gord has something on that.

Mr. Gord Fisher: Yes. Other than postal banking, internationally we've seen different post offices offer different services, and I think there needs to be an evaluation.

Part of the problem, of course, in Canada is we can't offer services or it's difficult to offer services that some places do. Some countries have seven-day delivery; some places have twice-a-day delivery. As a representative of the workers, I'd love to see that, but—

• (1020)

Ms. Yasmin Ratansi: I'll stop you there. How often have you been on strike?

Please give a very quick answer. My time is up.

Mr. Gord Fisher: If we go backwards, we see that the last postal strike that actually occurred was in 2011. That was a rotating strike, and ended up being a lockout very quickly thereafter, and then legislation by the government of the day. Prior to that, I think it was 1999. Prior to that, unless I missed one, it was 1987, which was a rotating strike and then legislation.

Ms. Yasmin Ratansi: Thank you very much.

The Chair: To all of our panels, thank you once again.

Just for the information of Mr. Fisher and Mr. Bennett, our committee has been seized with the contradictory arguments that we've been hearing on the financial viability of Canada Post. Your organization, your union, has stated, I think quite correctly, if you take a look at the audited statements, that Canada Post has made a profit in 19 out of the last 20 years, or something like that. The task force and the Conference Board of Canada have been projecting a deficit in 2026.

We will be bringing Ernst & Young to our committee to further examine that, because I think it really comes down to what assumptions we're given to begin with. We need to clarify, in the committee's mind, as to whether or not there is a serious potential deficit facing Canada Post or whether, on a go-forward basis, it's maintaining its profitability. We will be examining that further. I just wanted to give you those assurances.

Furthermore, should you have any additional information that you wish to provide to our committee that you believe may be beneficial to us in our deliberations, please do so. You can direct that to our clerk. We would ask that if you're going to provide any additional information, you try to do so within 10 days or so, because we will be starting to formulate our report to Parliament shortly thereafter.

Once again, thank you all for being here. We appreciate your testimony.

We will suspend for a few moments until our next witnesses approach the table.

• (1020) _____ (Pause) _____

• (1025)

The Chair: I think we'll commence now.

My thanks to our panellists for being here.

I'm not sure if some or all of you have been in the room for previous presentations. I suspect one or two of you may have just arrived, so I'll briefly go over how the proceedings work.

We will ask each of you to make a brief opening statement. We've found in our experience that the majority of information that's transferred to us comes through the question-and-answer process. Following your opening statements, there will be opportunities for each committee member to ask you questions and hopefully elicit some good testimony from all of you, which will help us in our deliberations as we move forward.

I will now open up for a brief presentation by Mr. Sauer.

Mr. Dave Sauer (President, Winnipeg & District Labour Council): Thank you very much for pronouncing my name correctly. I appreciate that.

My name is Dave Sauer. I'm the president of the Winnipeg Labour Council. We're a union federation, a small council. We represent about 45,000 workers here in the City of Winnipeg, from 65 affiliated union locals. We've been around since 1894. We have a very long history in this city. A lot of our movement and our membership stems out of the history of North End, Winnipeg. It's a very historical area of Winnipeg. We had a general strike in 1919, and the bulk of the participants in that strike were residents of Winnipeg's North End. It's historically an immigrant community, and now it is largely an indigenous population that occupies the North End.

One of the reasons we have formed, I guess, if you go back to our history in 1894, has to do with alleviating poverty. One of the biggest things that we've always said is that if you want to alleviate poverty in Canada, you need to get a union card in everyone's pocket, because, on average, everybody makes about \$5 an hour

more. There needs to be a method, however, for having that money stay in their pockets.

In light of that, we are here to speak forcefully, at least as best we can, about convincing people and members of the committee that Canada Post should get into postal banking.

We have a very large poverty issue here in Winnipeg. We find that in the North End especially there is an extensive amount of poverty coming out of the idea that people don't have a proper way to bank. They have to pay 600% interest to payday lenders—predatory lenders, as I like to call them—pawn shops, and so forth. We want Canada Post to get involved in postal banking because we think this can help alleviate poverty in the North End by putting more money in people's pockets.

There are a lot of different examples we can cite from across the globe. In New Zealand, they have the Kiwibank, which generated 81% profits for New Zealand Post, after tax. PostFinance in Switzerland accounts for 48% of Swiss Post's operating profits. In Italy, BancoPosta profits allowed the Italian post office to make 55 million euros in profits, or \$86.1 million Canadian. In spite of the losses incurred by its postal business, in France, La Banque Postale had operating profits of 842 million euros. I won't go into that conversion. It's a little complicated, but it seems like it works.

In a country like Canada, where we have more and more banks exiting a lot of areas of the country where they don't find enough profitability, this is where the payday lenders come in. We think Canada Post can play a pivotal role in this country in helping to keep predatory lenders at bay.

There are over 6,000 postal outlets in Canada. If you take a look at those numbers, we have some options here on the table. It can be a dynamic shift in Canada Post's operations. It's something they already did. We had the Canada Post Savings Bank, which unfortunately stopped operations in 1969. It's something we already have experience with. We can enhance it. We can make sure that we don't have to deal with these predatory lenders any longer.

I keep harping on that over and over again because it's something we're very familiar with at the Labour Council. We work very closely with the United Way of Winnipeg, which does a lot of inner city work here. It's unfortunate that you see this happening, that we don't have any kind of system in place to make sure people have a better option than dealing with big banks that don't live or work in their area.

For us, it's all about alleviating poverty. I want to hammer that message home over and over as much as I possibly can to everybody here. Postal banking works in other countries.

There are some options we could do. I heard some of the previous presenters talking about where they'd like to run a few test cases. I have three really good options. As diverse as Canada is, you could do an urban setting, a rural setting, and a northern setting. These are three very good test markets.

In closing, I want to emphasize that postal banking is the future of Canada Post.

Thank you.

• (1030)

The Chair: Thank you very much. I appreciate your economy of words.

Mr. Rebeck, you have five minutes, please.

Mr. Kevin Rebeck (President, Manitoba Federation of Labour): Thank you.

I'm Kevin Rebeck, and on behalf of the Manitoba Federation of Labour, Manitoba's central labour body representing over 100,000 unionized workers here in Manitoba, I'm pleased to offer the following remarks to the House of Commons Standing Committee on Government Operations and Estimates in relation to the study on Canada Post.

Protecting the future of our public postal service is vitally important to the way of life of everyday Canadians, for the maintenance of good jobs in our communities, and for a prosperous economy. We urge your committee to listen to public stakeholder feedback, to assess opportunities and challenges, and to make your recommendations with the clear goal of sustaining and expanding our valued national postal service.

Canada Post has generated profit in 19 of the last 21 years. The Harper government's approach of raising fees and cutting services has not served Canadians well, especially the disastrous effort to eliminate home delivery, which has been particularly challenging for seniors and Canadians with mobility challenges. There are many opportunities for Canada Post to innovate, diversify, and grow. We submit it's imperative that home delivery be restored to those who have lost it. It's imperative for fairness, for reliability, for convenience, and for safety. Quite simply, it's the right thing to do, the Canadian thing to do.

Moreover, it's critical that full daily service be maintained for all Canadians. Many families and businesses rely on daily delivery of time-sensitive materials coupled with Canada Post's top-of-the-line service guarantees to carry on their activities and support growing businesses. The Canadian Union of Postal Workers has advanced a series of innovative ideas to green our post offices, and we urge you to consider them. As our national post office is the largest retail chain and logistics company in the country, greening efforts could have huge impacts on climate change and the environment more broadly.

Finally, we're pleased to add our voice to the many calling for the establishment of postal banking, a unique opportunity for Canada to take advantage of the pre-existing nationwide Canada Post infrastructure that's present in so many communities across the country and to enhance the provision of needed financial services, which are currently lacking for far too many Canadians.

We recognize that Canadians are generally sending fewer letters through the mail, but rather than continuing with the tried and failed approach of hiking prices and slashing services that Canadians depend on, we believe Canada Post should work to take advantage of its nationwide presence, including its giant retail network, to expand its services to generate alternative sources of revenue.

Bank branches have been closed in many communities across the country, including many inner-city neighbourhoods in rural and

northern communities. Despite Canada's population increasing, the number of bank branches has been declining for more than two decades. A study by Canada Post expert John Anderson has estimated that in some 45% of the 3,326 communities in small-town and rural Canada that have a post office, there is no bank or credit union branch. Bank and credit union branches are especially sparse in first nations communities, but many have existing post office branches. In communities that are chronically underserved by banks, there's a great opportunity and need to establish postal banking to offer affordable and reliable alternative products to predatory, high-cost payday loans.

Establishing a nationwide system of postal banking would make use of the labour and hard infrastructure of more than 6,000 outlets across the country and help fill the need for reliable and affordable financial services.

Postal banking has a proven track record of profitability and good service in countries all over the world from Switzerland to India to Brazil.

Profits from such services as savings and chequing accounts, ATMs, lines of credit, mortgages, and money transfers could all be reinvested in our communities.

Relatedly, there may be opportunities to expand document services beyond passport applications to include identity cards, which when lacking provide additional hurdles to accessing needed financial services.

Thanks for considering our input.

• (1035)

The Chair: Thank you very much.

Next up will be Mr. Sosa, for five minutes, please.

Mr. Carlos Sosa (Manitoba League of Persons with Disabilities): Members of the government operations and estimates committee, I thank you for the opportunity for allowing me to speak today.

My name is Carlos Sosa. I am the former co-chair and current provincial council member of the Manitoba League of Persons with Disabilities. MLPD welcomes the opportunity to speak to this critical public policy issue, which has an impact on persons with disabilities.

The Manitoba League of Persons with Disabilities is the province's cross-disability advocacy voice and has existed since 1974. We are also a member group of the Council of Canadians with Disabilities, for which I serve as the second vice-chair.

In December of 2013, when the original decision was announced to eliminate door-to-door mail delivery and to introduce community mailboxes, the MLPD had very serious concerns over accessibility due to adverse weather conditions in the winter months for persons with disabilities and seniors. We also had concerns over issues of independence, vulnerability, and the potential privatization of the postal service.

One of the suggestions coming out of the 2013 decision was that people affected by this change could simply use the Internet for their daily needs. Unfortunately, this is not the case for persons with disabilities, as a significant proportion of our community lives in poverty and is unable to afford to buy a computer or even to afford access to the Internet.

Persons living in poverty, which includes persons with disabilities, often rely on public services for their day-to-day survival, including access to the postal service. Persons with disabilities rely on the postal service to receive their bills, personal letters, medical information, and monthly benefit cheques. The letter carrier serves as the unofficial eyes and ears to the outside world for some members of our community who lack connection to the supports in the broader community.

A trek to the community mailbox has a lot of barriers, especially for those with physical disabilities. One of the barriers is snow clearing, especially during the cold winter months here in Winnipeg. In winter, snow clearing can be inadequate, and in some cases those who use wheelchairs have to use the street to get around.

When I brought this issue up in front of Susan Margles, I asked her specifically to clarify Canada Post's policy in terms of the inches and centimetres that the corporation is responsible to clear when snow collects around the mailbox. Her response to me was that Canada Post is simply responsible for clearing snow around the box. This is simply not clear enough. In my interpretation, that could mean a very small path would be adequate, when wheelchairs take a lot more room than a very small path to get to the box.

One of the ways in which Canada Post could bring in new revenues is by the introduction of postal banking. Postal banking could provide critical services to underserved and marginalized communities, and the area in which I live could be one of them. I have seen the effects of bank closures in my area, so we would definitely benefit from postal banking there.

Another service Canada Post could provide is transporting food to northern and rural communities at a reasonable price in comparison to the Northern stores, which sell food at outrageous prices in many northern communities. In many northern and rural communities, persons with disabilities are unable to afford the expensive trip to go to an urban centre to buy groceries, so this would be a very welcome move.

A move toward privatization would have a detrimental impact on persons with disabilities, especially since a significant portion of our community lives disproportionately in poverty and relies on accessible good-quality public services for their day-to-day survival.

I'm done.

•(1040)

The Chair: Thank you very much. I didn't want to cut you off, and I thank you for that.

Our final panellist will be Professor Camfield. You have five minutes, sir.

Professor David Camfield (Professor, Labour Studies and Sociology, University of Manitoba, As an Individual): Thank you

for the opportunity to appear today. I'm here as a social scientist with expertise on the public sector.

I put my name forward as a witness because I believe the discussion paper of the task force for the Canada Post Corporation review is fundamentally flawed. Parliament and residents of Canada more broadly are ill served by this discussion paper. The task force missed the opportunity to offer an innovative strategic vision for Canada Post that takes advantage of its existing unique strengths as a crown corporation to orient it for a future in which it would respond creatively to trends in postal service use and make a meaningful contribution to society's necessary transition from relying on fossil fuels to generating energy in ways that do not make the climate change crisis worse.

The Delivering Community Power plan, developed by a number of organizations, offers such a vision. Unfortunately, the task force did not treat its proposals with the seriousness they deserve. Instead, it produced a report that is blatantly slanted in favour of an all-too-predictable approach for Canada Post, one that would see it increasingly operate like a conventional private firm in a way that would facilitate at least its partial privatization in the future.

It appears to me that the reason for this is the composition of the task force. None of its members have expertise in fields relevant to the future of the public sector in an era of worsening climate change. Three of its four members are business figures. As a result, the report is a missed opportunity, and it should not serve as the basis for changes to Canada Post.

I'd like to focus on specifically three of the many specific ways in which the discussion paper is flawed.

First, as part of its rejection of the reintroduction of postal banking, it makes the claim that "most Canadians now prefer to bank online". What is its support for this claim? It cites "research conducted by Yahoo Canada", which claims that 68% of Canadians now bank online on a weekly basis. Checking the source cited in the relevant footnote, one finds an infographic reporting on a so-called consumer finance study conducted by Yahoo. It appears that the study was done by surveying the readers of Yahoo Finance.

As social science, this is laughable. In fact, if one of my students handed in something like this, I would fail them. The readers of Yahoo Finance are in no way representative of the population of Canada. The source cited does not in fact provide reliable information about what proportion of Canadians bank online, and it certainly does not tell us what proportion prefer to bank online. Some people may bank online not because they prefer to do so but because they are obliged to, either because they don't have time to get to a branch of their financial institution or because there's no branch near them. This looks to me like using so-called research to bolster a preconception—namely, that postal banking should be rejected.

More broadly, the report's discussion of postal banking reads like a brief from the bank lobby, not an objective assessment of postal banking as an option. The report makes no reference to Canada Post's internal report entitled "Banking: A Proven Diversification Strategy". Although Canada Post's research on postal banking was stopped under the previous Conservative government and the public was denied access to most of this multi-year study, which was released following an access to information request in a mostly redacted form, we do know that the study states that postal banking would be a "win-win" money-maker. We have to ask why the study, whose existence was made known in 2014, was not consulted.

Third and finally, the report favours the creation of a new regulatory body for Canada Post—or, in its words, the addition of postal regulatory bodies "to an existing regulator"—with a wide range of powers. The tasks suggested for such a body, including changing the universal service obligation and updating the rural moratorium, make it clear that it would be an instrument for changing Canada Post in ways that reduce service to the public and make Canada Post operate even more like a private firm.

The balance between the public interest and competitive market forces, clearly implied by the report, would be tilted heavily in favour of the latter at the expense of services to residents of Canada and the workers who deliver those services. In other words, the proposed regulatory body would be a Trojan Horse for the agenda of remaking Canada Post in a way that would benefit private firms that operate or would like to operate in its sector.

Empowering a regulatory body to make major changes would reduce parliamentary oversight of Canada Post, further weakening the influence of the public interest in how Canada Post operates. The report proposes allowing the regulatory body to amend the Canadian Postal Service Charter instead of requiring the government to do so. This would allow the government to avoid responsibility and accountability for changes to the public postal service. Although that might be convenient for the federal government of the day, it would be anti-democratic to do so.

For these reasons, I believe the task force's proposal for a new regulatory body for Canada Post should be rejected.

Thank you.

• (1045)

The Chair: Thank you to all for your co-operation and for maintaining the tight timelines on your opening statements.

We'll now go to our questions.

We'll start with a seven-minute intervention from Ms. Shanahan.

Mrs. Brenda Shanahan: Thank you very much, Chair.

Thank you all for being here this morning. We've had a wide range of testimony here this morning in Winnipeg, and it's much appreciated.

I'd like to ask each of you a question concerning the mandate of Canada Post to get some clarification on your views. We know that Canada Post has a universal service obligation for letter mail and not necessarily for parcel, although that is the part of the business that is growing substantially.

My question to each of you is this: do you see Canada Post as a public service first, or a business first?

Mr. Carlos Sosa: Canada Post is a public service.

Mrs. Brenda Shanahan: Excellent.

Mr. Dave Sauer: I agree. I think it's a public service.

I mean, in a country this big, you need to have some kind of service that can deliver parcels, that can deliver mail and so forth. I would first and foremost see it as a public service in a country of this size.

Mrs. Brenda Shanahan: Okay.

Prof. David Camfield: I would echo the comments of the previous panellists.

Mrs. Brenda Shanahan: Okay.

My follow-up question is this: who should pay for it and how shall it be sustained?

Mr. Kevin Rebeck: Absolutely, it's a service for Canadians, and there are opportunities to grow those services.

Mrs. Brenda Shanahan: Okay.

Do you see that it can be sustainable or profitable? Where do you see the profits going, if it is profitable?

Mr. Kevin Rebeck: It should be a sustainable system, and it can be, and profits should be reinvested back in the community. Government is in a position to do so, to reinvest in the infrastructure of the organization itself, and any excess can go to help provide other public services for people.

Mrs. Brenda Shanahan: Okay. Very good.

Does anyone else want to add?

Prof. David Camfield: I agree.

Of course, as I'm sure you've heard many witnesses discuss previously, there's been the decline in letter mail. The remarkable expansion of parcels I think is quite significant. Given what we know about trends with online shopping and so on, I see that as likely to continue.

I think it's really important to see it not just as an important public service but also as a public asset. Also, it has a strategic potential for innovation beyond this existing phase.

• (1050)

Mrs. Brenda Shanahan: Interesting.

Mr. Sauer, would you comment?

Mr. Dave Sauer: I guess if you're looking for ways to make more money and have more revenue for this service, get into postal banking. I mean, we're leaving money on the table when we're not looking at other jurisdictions and seeing what they're doing. They might be laughing at us.

If we're looking for ways to pay for it, start expanding your business model into a service model.

Mrs. Brenda Shanahan: Thank you.

Go ahead, Mr. Sosa.

Mr. Carlos Sosa: I would also recommend postal banking. I think it can certainly work. The studies show that.

In this city, we have seen a lot of banks closed. In fact, in my own area, when the CIBC closed in 2000, you saw four payday loan companies open up. Two of them closed, and there are now two open. However, that's an example of where postal banking could work, and especially in areas which are underserved by banks. I mean, this is a way that a public service could provide a critical service in areas that really need it.

Mrs. Brenda Shanahan: Thank you, Mr. Sosa.

Another point I've heard from the business sector, commercial customers, and municipalities and users—people who are receiving—is that not one size fits all. When it comes to the issue of door-to-door delivery, community mailboxes, or picking up at a postal counter, it's different strokes for different folks, it seems.

The theme that seems to come out is communication of how delivery is going to be done or changed, and consultation.

Could I have your remarks on that, Mr. Rebeck. What has your experience been?

Mr. Kevin Rebeck: I think that particularly in urban centres, people who have had door-to-door delivery services should continue to have it. There have been community mailboxes in some of the farther rural areas, but in most places people rely on door-to-door delivery. Stripping that away from them and eliminating that is causing a real problem and concern, and it's something that needs to be restored and reinvested in.

Mrs. Brenda Shanahan: Do you think it would be helpful, though? Something we have heard is that in some areas where the community boxes have been installed, it has been a saving. It's not an issue for people in other areas. Recognizing that there is new community development going on, it's something that's accepted.

What would make the difference to you? Would it be if people were consulted beforehand, if municipalities were consulted? Would that be—?

Mr. Kevin Rebeck: I think the individuals living in the area absolutely need to be consulted and I think as a matter of fairness it should be there for people.

When we say it's being accepted in new developments, I think it's because they aren't being given much of a choice there, but they should be given that choice and be given that opportunity to get their door-to-door service.

Mrs. Brenda Shanahan: Okay. Thank you.

Mr. Chair, how much time do I have?

The Chair: You have a little less than two minutes.

Mrs. Brenda Shanahan: Mr. Sosa, I was interested to hear your reactions as well, as representative of your association, to the announcement of community mailboxes being put in. Was there any discussion whatsoever prior to the mailboxes being put in?

Mr. Carlos Sosa: In 2013, we received really no new approaches from the management at Canada Post. It was only basically in January 2014, where we were called to a meeting with Deepak Chopra and Susan Margles and Jon Thompson of Canada Post.

They have consulted with us, yes, but it appears that the consultations have been more of an act of public relations than real consultations. A great example would be the medical form that they released in 2014. They said they consulted with us, but they did not, nor did they mention that they were coming out with a medical form even prior to their announcement in summer 2014.

Mrs. Brenda Shanahan: Thank you for that.

The Chair: We will now go to Monsieur Clarke. Those of you who do not speak French may want to put on your interpretation devices.

[*Translation*]

Mr. Clarke, you have seven minutes.

Mr. Alupa Clarke: Thank you, Mr. Chair.

I'll start with you, Professor Camfield. Do you see Canada Post as a national symbol of federal unity?

Prof. David Camfield: Yes.

Mr. Alupa Clarke: That's wonderful.

I understand what you are saying and it may even be the truth. In your opinion, the members of the task force did not have the knowledge required to accomplish their task, and they promoted a certain vision, a certain model.

However, what do you have to say about their accounting work?

● (1055)

[*English*]

Prof. David Camfield: I have to apologize. I'll speak in English.

I'm not convinced by the analysis in the report on that question. It really strikes me that when I look at the fiscal side, I find the analysis produced by the union to be more persuasive, given the demonstrated track record of profitability over the previous two decades. It appears to me that the task force report is a bit of a crisis-mongering. It seems to suggest a pessimistic vision in order to justify a certain process of restructuring, and I just don't find it persuasive.

That's not to suggest that there aren't changes in the environment in which Canada Post operates, but I just don't find the report to be plausible on that.

[*Translation*]

Mr. Alupa Clarke: For example, the task force suggested that the deficit could reach \$700 million by 2026. That figure was produced, analyzed and confirmed by Ernst & Young. So it wasn't the members of the task force per se who reached those conclusions. In that case, would you say that Ernst & Young also has a worldview that promotes privatization?

[*English*]

Prof. David Camfield: Again, the questions would be, what were the assumptions, and what's the period over which one's calculating the financial performance of Canada Post? I don't think a short-term window of one or two years is appropriate. I think it does need to be looked at over a longer time period, and we have to be cautious about projections forward, of course, because forecasting is always a very difficult exercise.

[Translation]

Mr. Alupa Clarke: Okay.

In this committee, I have learned that Canada Post provided banking services until 1968. Do you know why the corporation cancelled that service? Can you tell us about it?

[English]

Prof. David Camfield: I'm not an expert on the postal banking at that level of detail; I'm sorry.

[Translation]

Mr. Alupa Clarke: Okay.

However, you did say that providing banking services would be a good initiative.

[English]

Prof. David Camfield: I think, based on the European experience and the experiences of other countries, that it's an option that certainly should be seriously considered. I would raise the question about the need for a serious, independent assessment of the prospects of postal banking and not be overly swayed by the perspectives of the banks or financial institutions themselves, since they have a vested interest in avoiding additional competition with at least one sector of the market that they might be sensitive to competition in.

[Translation]

Mr. Alupa Clarke: Thank you very much, Professor.

My question is now open to everyone. Any of you can answer.

If we opt for banking services, Canada Post's 50,000 employees will have to be trained, so that they can provide that type of service. That surely would cost astronomical amounts. Who do you think should pay for the training of those 50,000 employees?

A very significant amount of money, perhaps around \$500 million, would also have to be invested to set up the service. Two weeks ago, one of my colleagues mentioned that figure. In your opinion, where should the money come from to launch the banking service?

We can perhaps start with Mr. Rebeck.

[English]

Mr. Kevin Rebeck: Sure. It wouldn't be 50,000 workers who would need that training. Many of the Canada Post employees are door-to-door delivery people and out on the street. You'd need to train the people who are in the postal offices themselves, and that would be an investment that invests in the training and skill set of our Canadian workforce, which I think is money well spent. Those resources would come from the new revenue streams and dollars that we'd be generating, so I think that there's a lot of opportunity there for growth—growth for the community, growth for skills, growth for development—and it will pay for itself.

[Translation]

Mr. Alupa Clarke: Mr. Sauer, you have the floor.

[English]

Mr. Dave Sauer: I would have to believe that we're not going to be dumping that many employees.

We're not going to be hiring that many right off the bat, right? There have to be some test case scenarios that we would want to look at first, so I think a gradual approach escalating into that would be probably the most prudent. Then, as was stated by the previous speaker, brother Rebeck, eventually it would pay for itself.

I think you have to start small. I don't think we would want to get out and do it right away. We'd have to do a little bit of investigation first and find out where it would actually work, and then gradually build up to that.

[Translation]

Mr. Alupa Clarke: Okay.

Mr. Sosa, the floor is yours.

[English]

Mr. Carlos Sosa: I'm not enough of an expert to comment, but I will say that Canada Post does have the retail outlets to do such a service. Obviously, I think that speaks right there.

● (1100)

[Translation]

Mr. Alupa Clarke: Let me ask you another question, Mr. Sosa.

Canada Post proposed that, once a week, employees gather all the mail from the community mailboxes for people with reduced mobility and seniors who have difficulty getting around, and deliver it to their homes.

It seems that the task force found that a number of associations representing people with reduced mobility consider that an interesting option.

Would you be in favour of such a service being provided?

[English]

Mr. Carlos Sosa: The concern with this type of approach basically for us is it says that it's just because you have a disability that we'll deliver the mail to you.

There are some issues with this. We need to look at the vulnerability of our community. Let's say somebody could steal mail out of your box. If we bring it right to your home, the mail could be stolen. That's another issue right there, the whole issue of vulnerability.

Quite bluntly, what we want is independence here. We would rather have five-day delivery here than have an employee just bringing it to our house because we have a disability. We should all be treated just as equally as everyone else, and we therefore should have five-day delivery right to our house.

The Chair: Go ahead, Mr. Blaikie, for seven minutes.

Mr. Daniel Blaikie: Mr. Sosa, carrying on on that theme, I wanted to ask this. When people living with a disability are trying to make a decision about where to live, would you say that door-to-door delivery counts as an amenity in the same way as being close to schools for families with young children or being close to public transportation for people who don't have a car does? Is this something that's considered in terms of how they're going to get their mail?

Mr. Carlos Sosa: I think that could be considered, but another factor is income.

Our community is disproportionately in poverty, so we're limited in terms of the areas that we can live in. Typically, those areas would be inner-city communities that have door-to-door mail service already. Therefore, that could have an influencing impact, but obviously income is the bigger influencing factor.

Mr. Daniel Blaikie: Professor Camfield, in your remarks you alluded briefly to the idea that Canada Post could play a meaningful role in combatting climate change. I just wondered if you wanted to take an opportunity to expand on that.

Prof. David Camfield: The Delivering Community Power plan that's been developed by a number of organizations and endorsed by people including David Suzuki does look at the question of how Canada Post could assist in a broader process of change that would be necessary to move towards a renewable economy. I think the whole idea of using that as a model is to have a public sector leadership role, for example, by converting the vehicle fleet to low-carbon-emission vehicles and by providing electric charging stations at Canada Post locations in order to promote the diversification of the transportation system.

I think these ideas are quite visionary. It's not that Canada Post can do it all by itself, but it can play kind of a leadership role in that respect.

There is also the idea of being able to expand delivery services through Canada Post. When you actually look at the way it works out, greenhouse gas emissions are lower when they're delivered through this kind of integrated network rather than through other options. There is actually less carbon emission to carry out deliveries that way, and you could expand the range of deliveries that would be available.

The idea of having food delivery from local farmers to local residents through the system that Canada Post has is one that's been floated there. Then, of course, you could consider further expanding other services that would be perhaps a bit more tangential, but would bring in revenue to Canada Post, allowing it to do more. An example referred to earlier that exists in some countries and is just being rolled out now in France is having letter carriers look in on the aged or people with disabilities.

There's a range of creative revenue-generating ideas that could be tried out for a diversification of Canada Post services, and those things are compatible with the overall vision in the Delivering Community Power plan.

• (1105)

Mr. Daniel Blaikie: One of the arguments that's sometimes made for reducing the offering of public services is that private companies will create more employment when they get into the market. They start making money, and it's going to trickle down. In the case of Canada Post, you have an organization that's offering a service that's needed, they're doing it on a competitive basis at fair prices, and their employees are getting paid usually better than their private sector counterparts. They have access to more benefits. Does that argument go through in the case of Canada Post?

Maybe Messrs. Rebeck and Sauer want to comment on that.

Mr. Kevin Rebeck: When we have a public service model like this that can have good jobs for Canadians and reinvest profits back for the public good, why would we devolve that to the private sector?

I know there are accusations that when we move into a private sector domain, we're doing something that might be up for some debate and challenge. However, this is about a service that's in place, an infrastructure that's there, a good job process that's there, and profits that go to the public good. It should be maintained and grown, not shrunk.

Mr. Dave Sauer: I would argue that in some jurisdictions around the world, when you have the mixed delivery system, you have a public sector player and a private sector player, and this keeps prices down.

If I had to give you an example here in Winnipeg, it would be the big debate we had over golf course privatization a number of years ago. The argument was that if you privatize the golf courses, you can look at how much the other golf courses are actually charging, so the prices won't go up. However, with the public player removed from that equation, there's nothing stopping those other private entities from actually increasing prices. I think that actually has the benefit of not only having good-paying jobs and good services but in also keeping costs down.

Mr. Daniel Blaikie: If you look at it from a net benefit perspective—if you use the public sector instead of the private sector in a case where you can charge the same kinds of prices, but it just means that the people providing that service are making more money and receiving better benefits—is there not a net benefit to the community?

Even if in terms of GDP you have the same effect, there's a benefit in terms of its distribution and making sure that it's getting into the hands of ordinary working Canadians instead of being held in the hands of whoever happens to be the owner of the private sector player that comes in.

Mr. Kevin Rebeck: Yes, in the net distribution of wealth, the government's better served to have a public entity that's reusing those profits for the public good and providing for good jobs. When those comparisons are made, it's always that way.

Mr. Dave Sauer: I'm not really one to quote Warren Buffett, but he has already come out very strongly that if you keep stacking wealth at the top, it doesn't really do very much to get the economy churning. Getting more dollars in average working people's pockets, I think, is probably the best way to actually get an economy churning, so I'm going to quote Warren Buffett on that one.

The Chair: We can conclude on that.

Thank you.

Mr. Whalen, you have seven minutes, please.

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

Thank you all for coming.

I have to apologize to the people from the labour group and to the Manitoba League of Persons with Disabilities. We've heard from so many of your representatives across the country, but we haven't had many academics come, so that's where I'm going to focus, and maybe my colleague will get back to your groups.

I had to agree with a lot of what you said when I read the task force report for the first time. I had the sense that rather than it being a discussion paper, it felt a little bit like a sales pitch. I'll point to one thing in the report that stuck out to me, and that was around the notion of expenditure. It was focused on how much everything cost, rather than how much revenue was earned in different ways.

They broke down the cost associated with different types of delivery, saying that door-to-door costs \$272 per such and such, and they didn't really focus on the different ways that revenue could be generated.

From an academic perspective on these types of discussion papers, what's your sense of the way they should have avoided a one-sided narrative, and maybe what an alternate narrative might have been had they focused on revenue instead of cost?

Prof. David Camfield: An alternate narrative would have maybe started with a different understanding of what they're dealing with as an organization. Of course, it's a crown corporation and that's not the same as a government department, but it is a public sector organization, which has a different social role from a purely private firm. To see that there's a social value, which is not always easily quantifiable in a public sector asset like that, would provide a kind of different dimension to the analysis.

Of course you have to deal with the statistical side of the operation, which is operating in a competitive market, with the exception of door-to-door mail delivery, but in terms of parcels, of course, there are competitors. You have to look at the industry it is operating in.

It's more than just another corporate player. It is also a public institution that has a mandate that is broader than simply a private firm. There's a different approach to dealing with those kinds of questions in the public sector, when you have an organization that has a role and a purpose that's broader than that of simply a corporation.

• (1110)

Mr. Nick Whalen: I will say, though, in defence of the task force, they had a restricted mandate. Their terms of reference were to look at Canada Post from the lens of self-sustainability.

I don't feel that our committee is bound by that same constraint. I think we have the ability...and hence this nation-wide consultation. It would be redundant otherwise to examine other options.

To each of you, do you feel there is enough opportunity for revenue out there for Canada Post to support the type of service that we expect, so it can be profitable and meet its pension obligations, or do you feel that we should accept the fact that it can't be and it should be subsidized? Then what level of subsidy do you feel would be an acceptable amount in the context of potentially an \$8 billion shortfall in the pension plan right now?

That's to each of you, so maybe we'll start with Mr. Sosa and work down the table. Is a subsidy okay for Canada Post, and about what amount would be appropriate?

Mr. Carlos Sosa: Again, I'm not an expert to comment on that, but I will say that I think postal banking would help Canada Post diversify its revenue stream. We know it works in other countries.

The corporation has the retail outlets in order to do that, and it would benefit underserved communities, including persons with disabilities and seniors, very much so.

Mr. Dave Sauer: On this point I'm not too much of an expert. I don't know an exact number I could throw at you, but if we haven't even looked at other revenue streams, you can't answer that question just yet. We have to look at how you can make money for this service.

Mr. Nick Whalen: So play to win, and then if we don't, then maybe reassess a few years down the road.

Mr. Dave Sauer: That's where the test cases would come in, to find out how much we are going to be able to make. If we're going to be talking about what we need to get as a subsidy and what's acceptable, I can't answer. I can't throw a number out there for you.

Mr. Nick Whalen: Mr. Camfield, go ahead.

Prof. David Camfield: There is always the possibility of subsidy, but I don't think it needs to be on the table. It's not at the top of the list. If you look at the opportunities for expanding revenue and not make any doomsday forecasts about the catastrophic elimination of part of the revenue stream that's there now, or something like that.... I don't see a crisis. I see challenges, but I also see opportunities.

I have this article from *Le Figaro* in France, looking at the service that has been brought in where *La Poste* now gives you the option to pay to have someone look in on your relatives two, four, or six times a week. It's charging about 60 euros for two visits a week, about 100 euros for four visits a week, and 140 euros for a visit every day. That's another whole revenue stream that could be considered.

When it comes to the postal banking issue as part of the picture, I really wonder what's in the internal Canada Post study, which has been mostly redacted.

Mr. Nick Whalen: Thank you.

Mr. Kevin Rebeck: As Canadians, we own an incredible asset in Canada Post. There are huge opportunities to do things differently and better, become more than self-sustaining, and support governments in other ways. If we need to look at doing things differently, it's an investment, not a subsidy. I think the return on it will be tremendous.

Mr. Nick Whalen: I like hearing the optimism.

Mr. Camfield, I'll go back to the business model for these home check-in services.

We look at restoring door-to-door delivery back to whoever has lost it. Maybe that would cost \$80 million a year. We look to establish home delivery to all the suburban communities that never had it. That would cost probably at least \$400 million a year, just extrapolating from the business.

Do you have any knowledge of the types of revenues the French postal service has from these home check-in services?

• (1115)

Prof. David Camfield: It's new. It's far too new for them to have any kind of—

Mr. Nick Whalen: It's certainly something to explore.

Prof. David Camfield: Yes.

The Chair: Thank you very much.

We'll now go to our final two interventions. They will be five minutes each.

Mr. Maguire, we will start with you.

Mr. Larry Maguire: Thank you, Mr. Chair.

Thank you to our witnesses today for their presentations.

I come from a rural background, so I'll lead off with a couple of those questions. There is so much to do here in five minutes that I won't get it done.

There were comments made about the number of banking facilities we have, and a lot of small towns don't have them anymore. My experience is that, where those banking facilities—the private banks—have taken leave of the community, in many cases credit unions have filled in and done a tremendous job in those areas. Some small community is left, and Canada Post has partnered with a small business in that community to have a place for the services to be delivered. Do you see that as a model that's sustainable?

Mr. Dave Sauer: Anything right now is worth investigating. If they are already forming partnerships with the postal outlets in those areas, take a look at the model. I think that's the thing. We shouldn't be focusing solely on this being a doomsday scenario and Canada Post going down. Have an optimistic.... Wear some rose-coloured glasses, in terms of the opportunities we have here.

Mr. Larry Maguire: The one I'm thinking of is the postal service that went into a restaurant. It wasn't that something else went into the postal service in that community. It was shut down. There was delivery via multiple small businesses in that community. Heck, some of them could even be fertilizer dealerships in some of these really small communities. In this case, it was a small restaurant in the community.

Grocery stores are doing it. We've seen Canada Post services in places like Shoppers Drug Mart, gas stations, and other facilities within cities.

Do you see that as an option for Canada Post, to have its services delivered that way? I think we have enough banking services in some of them, but if there is an opportunity to have that banking service expanded, we've heard from the previous panels that it should be done in a profitable manner and that it would be profitable. Otherwise, Canada Post wouldn't be getting into it. Can you elaborate on that?

Mr. Dave Sauer: The preference, absolutely, would be to go through the outlets first, if you have an outlet in the town. If it isn't an option, if the credit unions have already gone in there and taken care of it, then maybe that's not the option we want to look at in that

region, but we have 6,000 postal outlets around the country and a lot of the banking....

I am speaking more about an urban setting. I am from a small rural town myself, in Saskatchewan. In the urban setting right now, the only ones coming in and filling in the void of any kind of banking—payday loan companies—have no banking. We are talking about basically ripping people off, with 400% or 600% interest rates. That's the angle I would come at it from. That doesn't seem to be an option that could work in an urban setting.

I'd have to do a bit more investigation to really give you a concrete answer on rural settings.

Mr. Larry Maguire: Mr. Sosa, you look as though you want to....

Mr. Carlos Sosa: Yes, I'll comment on that.

I also live in an urban setting. Again, payday loan companies have filled that void, but they charge high fees. Those who live in inner-city communities do not have the money to pay the high fees. Postal banking would be an option that could provide an ethical alternative to the payday loan companies that are charging high fees.

Mr. Larry Maguire: As a follow-up to that, do you feel there aren't enough banking services already in Winnipeg?

Mr. Carlos Sosa: In many inner-city communities there are not enough banking services. We've seen the banks that have closed. They have left our inner cities.

To be quite blunt, those who live in inner-city communities typically are new Canadians, persons with disabilities, seniors, and indigenous populations, as an example. Postal banking could fill a major void in this city and in many underserved communities across the country.

Mr. Larry Maguire: Do you think there should be more rural route deliveries in areas that aren't currently having their daily postal service delivered to them?

Mr. Carlos Sosa: I'm not in a position to comment on that. What I would say is that it's important for us to have the accessibility of the postal service and that it remain a public service. Obviously, Canada Post needs to look at new revenue diversification streams. I think postal banking is one of those diversification streams.

• (1120)

The Chair: Thank you very much.

Our final intervention will come from Madam Ratansi, for five minutes, please.

Ms. Yasmin Ratansi: Thank you very much.

Thank you all for being here.

Professor Camfield, your resumé is very impressive, so I have a question for you. You guys all came up with creative ideas. We have the CEO of Canada Post, who is the highest-paid civil servant. You thought outside the box. Why do you think he would not? He's a bright man. Why does he think cut, cut where you think grow, grow?

Prof. David Camfield: I'm not impugning his intelligence. I think the question is this: what's the ideology to which he's committed, and how does he see the future of Canada Post? I would just raise the question of the previous government appointing him because he was seen as aligned with their ideological agenda. I think the long-term future that was in mind when he was appointed was one of privatization.

Ms. Yasmin Ratansi: That's your impression, and you think the task force, which was given a limited mandate and utilized the figures that were given to it, was not thinking outside the box as well?

Prof. David Camfield: No, I think it was extremely blinkered in its approach.

I mean, it does identify a number of options in certain places, but the predominant thrust is pretty clear. It doesn't explore all the range of options. There are certain things it mentions without providing enough attention to them. If you even look at the gap between the range of options that were submitted for consideration and the ones that the task force chose to actually discuss and examine, there's a very big gap.

Ms. Yasmin Ratansi: All of you have talked about social cohesion and ensuring that there's economic viability for everyone in Canada. That's the Liberal platform, to ensure that people are economically able to sustain themselves or that we can create a middle class so that everybody enjoys a level of economic stability.

When we talk about postal banking, I think people get a little confused about banks. Corporate banks, or banks in general, need to make a profit, because I the shareholder want the profit. Do you think postal banking, if it's in areas where it does not make money, should be revenue neutral or in its initial stages should make some losses? What would be digestible?

Mr. Kevin Rebeck: I'll jump in on that first.

I think we need to look at postal banking, where we implement it, as Canada-wide. There may be some branches that don't perform very well. There may be losses in the short term or in some places even in the long term. On aggregate, though, as a whole, postal banking has huge potential to be making profits that can be reinvested in the public good and can subsidize those poor performers.

Ms. Yasmin Ratansi: Professor?

Prof. David Camfield: I would agree.

Ms. Yasmin Ratansi: Mr. Sauer?

Mr. Dave Sauer: I would agree as well. I think the big problem we have when we're dealing with people who don't already have enough money, who are economically suppressed, is that having a payday lender in there just continues that cycle of poverty. We have an opportunity here to actually break cycles of poverty and then move forward. If that's what we want to see....

I agree with brother Rebeck that it could be a Canada-wide thing, with a balancing out and so forth. Yes, there might be high revenue here, but it might be low there. I really want to emphasize that point. You can get people out of poverty on this. Paying 400% interest on your paycheque when your paycheque is already only at minimum

wage is insane. All you're doing is keeping that cycle going by allowing them to go in there.

Ms. Yasmin Ratansi: Thank you.

Mr. Sosa?

Mr. Carlos Sosa: Obviously I think that it should definitely be Canada-wide. Many areas where the disability community lives are in inner-city communities the banks have left, and you see these payday loan companies come in, and they're making profits, and there's a case—

Ms. Yasmin Ratansi: I have a quick question; I'm going to stop you.

Postal banking was successful until 1968, until the bank lobbies came. What makes you think the lobby group is not going to stop postal banking?

Mr. Dave Sauer: They'll try. Of course they're going to try. This is a revenue stream. They were even against expanding the Canada Pension Plan because it would cut into their RRSP and mutual funds. Of course they're going to try to fight back against this. Frankly, they owe that to their shareholders, but we're accountable to our membership, and you're accountable to the citizens of Canada. It's about balancing whose interests are more important. The banks are making billions of dollars in profits every year.

• (1125)

Ms. Yasmin Ratansi: Thank you.

If you have any additional information, I'm sure you can pass it on to the chair, because my time is up.

The Chair: Thank you very much.

Thank you to all participants for taking the time out of your very busy days to be with us today. As Madam Ratansi has already stated, if you have additional information you wish to provide to the committee for our benefit and our deliberations, I would suggest you do so through the chair.

On a personal note, Professor Camfield, as chair I was very interested in your comments in your paper about the critique you had of the proposed regulatory body. The first thing that struck me, hearkening back a number of years in Saskatchewan, was the government of the day establishing and creating the health district board concept, ostensibly to give better control to local residents about the health services being delivered in their areas, but the consequences, whether intended or unintended, are that it almost absolves the government of any responsibility for the delivery of health care services. Whether they run deficits or have service delivery problems, the health district boards bear the brunt of the criticism, rather than the government. As we all know, the provincial governments are constitutionally required to deliver health care services.

I would be very much interested in hearing a little more in-depth critique of why the regulatory body as being proposed by the task force may not be in the best interests of Canadians. Obviously it's your choice to do so if you wish, sir.

Prof. David Camfield: Yes. Thank you for the opportunity—

The Chair: I'm not looking for comment, because we're out of time, but if you care to produce additional information, I would certainly appreciate that.

Once again, thank you all. It was fascinating testimony.

The meeting is adjourned.

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