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Chair

Mr. Tom Lukiwski

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• (0955)

[English]

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

Ladies and gentlemen and colleagues, I think we'll get going, even though it is a few minutes before 10. I'd like to get a bit of an early start if we can.

Welcome, everyone, to the 36th meeting of the Standing Committee on Government Operations and Estimates.

To our panellists, I'm sure you're all aware, gentlemen, that the minister responsible for Canada Post, the Honourable Judy Foote, has entered into a fairly extensive consultation process trying to examine the future of Canada Post. Phase one of that consultation process was to establish a task force whose mandate was to examine the financial viability and sustainability of Canada Post. They have completed their work and tabled their report. We've had a chance to examine that report and talk to the task force members.

The second phase, of course, is to go across Canada to communities both large and small, urban and rural, remote and first nations communities, to talk to individuals, organizations, and municipalities to get their views. They want to know what people believe the future of Canada Post should be and what it will hold, and offer suggestions to this committee as to how Canada Post perhaps can operate in the future to ensure its sustainability.

That's why you're all here today.

As I've explained, I'll be asking all panellists to give a brief five-minute opening statement that will be followed by questions and answers by our committee members.

To my colleagues on the committee, as a bit of an explanation, we have two representatives from the Canadian Union of Postal Workers, who will be making opening statements. That's a bit unusual, but the reason is that Mr. Keefe was originally scheduled to be at our 9 a.m. session. Unfortunately, the two other panellists had to cancel at the last minute, so I thought in the essence of fairness it would only be fair to have Mr. Keefe be allowed to give his opening statement as he would have had the other panellists shown up at 9 a.m.

We will start now, if I may, with Mr. Cavanagh, for five minutes or less.

Please, sir, the floor is yours.

Mr. Danny Cavanagh (President, Nova Scotia Federation of Labour): We welcome this opportunity to provide input on the Canada Post review task force.

The Nova Scotia Federation of Labour represents over 70,000 workers in Nova Scotia, thousands of whom are members of the Canadian Union of Postal Workers. Our understanding is that this task force has been appointed to collect input and information and identify options for the future of Canada Post in order to help the federal government ensure that Canadians receive quality service from Canada Post.

We have participated in all reviews of Canada Post to date and we are very interested in the future of our public postal service. Overall, our focus is on getting home delivery back for everyone, keeping daily delivery, keeping public post offices, greening the post office, creating services that support seniors and people with disabilities, and bringing back postal banking for more inclusive, accessible financial services for everyone.

The Nova Scotia Federation of Labour has always argued for the preservation of home delivery and the creation of new and expanded services, including postal banking. We have also rigorously argued for a Canada Post that operates in the public interest. After all, while crown corporations like Canada Post have both public and commercial activities, they are distinct from commercial enterprises in that they are designed to serve the public interest, not simply maximize profit.

As for the financial status of Canada Post, the \$44-million profit from the operations of the Canada Post segment for the first quarter of 2016 was the best first-quarter operating profit result since the first quarter of 2009. It also marked a historic turning point where, for the first time in the absence of a rate increase for transaction mail, the increase in revenues from parcels exceeded the decline in revenues from transaction mail.

In Nova Scotia, we have before us a huge opportunity: our post offices. It makes common sense that we will help build the economy, keep jobs here locally, and help with our carbon footprint. How can we reconfigure that service? Instead of cutting services, let's look at building services. What if our postal service, with its vast physical infrastructure and millions of daily human interactions, could offer us something completely different? What if the post office could play a central role in building our next economy, an economy that is more stable, more equal, and less polluting? What if Canada Post's vast delivery network could deliver the kinds of changes that Canadians really want, environmentally friendly options that support rural and indigenous communities and local businesses?

There are over 6,300 post offices across the country. We own this, and it can be much more than a mail and parcel delivery service; it can be a powerful national logistics network. Imagine small rural post offices providing everyday financial services, such as chequing and savings accounts, loans, and insurance—financial services owned by the people who use them. Banks have simply left many communities in Nova Scotia, and postal banking can change that.

Nova Scotians' economy could really benefit from more decent-paying jobs in our communities, especially rural ones. Why shouldn't we own this? Unlike major banks, which raked in \$35 billion in profits last year while cutting jobs and raising already high fees for day-to-day services, we can do it differently, with the will of our federal government to make the right choice. Our community post offices are the country's largest retail and logistics network, and we own it. In fact, Canada Post offered banking services until 1968.

Renewable energy has a huge economic potential for Canada. When the Prime Minister signed the Paris climate agreement, we agreed to radically lower our country's emissions. As of now, we are not on track to meet those commitments. Energy retrofits and a clean power boom can create thousands of stable, well-paying jobs. We can help those who have lost work due to the oil bust and improve the quality of life for people across the country.

Postal services in other countries are prime examples. Norway replaced its diesel postal fleet with new electric vehicles. The United Kingdom, France, New Zealand, Brazil, and Italy all have successful postal banking services. Japan expanded postal worker services to provide assistance to elders, deliver food, and check in on those with limited mobility.

● (1000)

France and Australia use their postal fleets to deliver fresh and frozen food, connecting farmers and local businesses directly to customers.

Post office buildings can have charging stations for electrical vehicles at the post offices and, with a renewable, powered postal fleet, could connect our farms straight to our dinner tables.

On door-to-door delivery, on December 11, 2013, Canada Post Corporation announced a plan to eliminate home delivery in Canada as part of a plan to return to financial sustainability by 2019, which, as the Canadian Union of Postal Workers pointed out in their presentation, is an odd statement to make, given the corporation had reported profits of \$94 million in the previous year, 2012.

We recommend that Canada Post end its plan to convert home delivery mail to community mailbox delivery and restore home mail delivery to people who have lost it since the cuts were announced in 2013. If we maintain daily door-to-door mail delivery, carriers can check in on seniors and people with mobility issues each day and deliver locally produced foods, and the other possibilities are endless.

Post offices can be community hubs for social innovation. The Canadian Union of Postal Workers and allies are hoping to transform this imperilled public service, which has nearly twice as many locations as Tim Hortons, into a powerful force creating a low-carbon society. As a community, we should get behind this move and support and expand its service.

Within this framework, moving forward Canada Post must stop its unjust and unacceptable practice of discriminating against rural and suburban mail carriers. There have been many serious problems, and a very significant one remains. For decades they have performed work that is almost identical to the work of letter carriers, but they have not received the same compensation or treatment because of the

The Chair: I'm going to have to ask you if you could try to get to the close, only in the essence of time. We're quite a bit over time.

Mr. Danny Cavanagh: I only have a few paragraphs to go.

The Chair: Go ahead, then.

Mr. Danny Cavanagh: We also need to have this discussion in an atmosphere free from the consistent crisis that Canada Post keeps creating about the current financial situation. In mostly all public statements, Canada Post claims the major service cutbacks are the only answer. This corporation needs to be honest about its profits and stop the fear-mongering and untruths that can justify its cutbacks.

Canada Post is present in so many communities and is a crown corporation and important employer recognized for its highly skilled workers. Canada Post should be doing more to invest in its people by offering decent jobs with sustainable wages, good working conditions, and stable hours consisting of full-time work with benefits and retirement security.

We thank you for this opportunity and look forward to your final report.

The Chair: Thank you very much.

I would again encourage the other panellists, if you can, to please try to keep it in the five-minute time frame, just so we have enough time in this session to get all questions in from our committee.

It's been our experience that everyone likes to try to pack their opening statements full of information, but we've found that we elicit more information through the question-and-answer process, and you'll certainly have ample opportunity during that process to expand upon any thoughts that you may not have gotten to in your opening statement.

Having said that, Mr. Keefe, you're up for five minutes or less, please.

Mr. Michael Keefe (First Vice-President, Local 096, Canadian Union of Postal Workers): Good morning. My name is Michael Keefe, and I have been a postal worker since I first started as Christmas help in December 1983. I'm also the first vice-president of the Nova local of the Canadian Union of Postal Workers, which represents 600 members working from Hubbards to Lake Charlotte.

I appreciate being invited to address the committee today.

As you may know, two communities in this municipality, Bedford and Lower Sackville, on October 20, 2014, were among the first wave across Canada to lose their home mail delivery. They were followed by Dartmouth and non-peninsula Halifax, in the summer and fall of 2015 respectively.

How has this affected the municipality, our customers, and the local?

According to Canada Post numbers, 45,574 addresses lost home mail delivery across the Halifax regional municipality. The municipality has lost 78 well-paying full-time jobs. Assuming the annual base salary of a full-time letter carrier without any overtime or additional allowances, that translates into \$4.12 million of income that has been taken out of this municipality.

In addition, the installation of community mailboxes, or CMBs, has added traffic congestion to many neighbourhoods. Due in large part to the placement choices of some of the CMBs, there were two accidents within the first two weeks of the October 20 implementation of centralized delivery. A postal vehicle parked in front of a community mailbox site at a bus stop was side-swiped by a passing motorist. A week later, a bus backed into a CMB site located too close to an intersection and caused severe damage.

Our customers now have to face the increased risk of having their mail, their parcels, and their identities stolen. Whether it's in Portland Estates in Dartmouth or Hammonds Plains in Lucasville, thieves have targeted community mailboxes and will continue to do so. By breaking into one community mailbox unit, thieves have the potential to steal the mail from 10 to 16 addresses, which is much safer and easier for them than going to 10 to 16 individual mailboxes at 10 to 16 separate homes.

Our customers also now have to contend with trying to get their mail from a community mailbox that has a frozen lock, or ice on the ground, or snowbanks blocking their access. Senior citizens, the differently abled, and others with mobility issues and physical impairment have a new-found roadblock to their independence, as

they are now required to get their mail up to three kilometres away from their homes.

The options that Canada Post has given them are fairly lacklustre: they will give them extra keys for family and friends; they will forward their mail to a nearby post office, family, or friend; and if they can get a doctor's note, Canada Post will consider having the mail delivered to their homes one day per week.

In our local, due to the loss of 78 letter carrier positions, the centralized letter carrier routes have at least doubled, on average, the daily points of call. In Halifax LCD 1, which has centralized or community mailbox delivery, the points of call average for a full-time route is 1,512, while in LCD 2, which still has home mail delivery, the points of call average for a full-time route is 870.

You have fewer letter carriers delivering to more points of call. The additional workload for letter carriers results in longer days and later finish times. Take that fact, in addition to all postal workers constantly being told there have to be cutbacks in staffing and contractual concessions because Canada Post is losing money—while we continue to be profitable and Deepak Chopra and his senior management team continue to receive generous salaries and bonuses—and you have one very demoralized workforce.

I know I'm nearly at the end of my time, but if you'll indulge me, I have just one more paragraph in order to finish addressing you.

I would urge you to demand that Canada Post give this committee the statistics on mail theft for the three years before October 20, 2014, and compare them with the three years since CMB delivery was implemented to give you a true picture of the security of the mail in community mailboxes. I would also strongly urge this committee to get the full non-redacted report into postal banking from Canada Post before you decide that it wouldn't be a good fit for Canada. Postal banking could be the answer to all of Canada Post's problems and allow us to continue to provide the service that so many Canadians depend on and want.

• (1005)

Thank you. I would be happy to answer any questions.

• (1010)

The Chair: Thank you very much, Mr. Keefe.

Mr. Callaghan, you're up next.

Looking at your brief, it looks like it might be over five minutes. If there is any information you are duplicating from Mr. Keefe's, I would ask that you perhaps keep that in consideration.

Keep to five minutes if you can, sir.

Mr. Jeffrey Callaghan (National Director, Atlantic Region, Canadian Union of Postal Workers): Thank you. Good morning.

On behalf of the Canadian Union of Postal Workers, I'm grateful for the opportunity to appear before the Standing Committee on Government Operations and Estimates.

My name is Jeff Callaghan. I'm currently the national director for Atlantic Canada of the Canadian Postal Workers, a position I've held since 2008. I've been employed with Canada Post since 1985.

Although our union's regional office is located here in Halifax, one of eight regional offices across the country, we represent over 3,100 members here in Atlantic Canada: workers, letter carriers, mail service couriers, postal clerks, dispatchers, technicians, rural and suburban carriers, and retail clerks. Our members work in a variety of locations, in hundreds of Atlantic communities, in large urban postal plants and small rural post offices.

During recent years as a national director, I've witnessed first-hand the number of initiatives undertaken by Canada Post which have had largely negative impacts on both the public's ability to access postal services in their communities and the very viability of the crown corporation itself. Despite public opposition, when informed, Canada Post has consistently plowed through with these initiatives without achieving any significant benefits whatsoever.

For instance, beginning in January of 2013—there's a document and hopefully you'll be able to follow—Canada Post began to change the manner in which it processed local mail in communities across Canada, including here in Atlantic Canada.

Previous to these changes, mail was sorted and delivered in the communities where the mail originated. Now mail is collected in those communities and placed on trucks and transported to mechanized facilities for processing and then returned to the original post office for delivery. In Atlantic Canada, this replaced St. John, New Brunswick; Halifax, Nova Scotia; and Saint John's, Newfoundland and Labrador. In 2008, Canada Post invested huge sums in new letter sorting machines, even though first class letter mail volumes had been in decline worldwide for several years.

For customers who rely on Canada Post for the safe delivery of their mail in an expeditious manner, mail which had previously been delivered the next business day is now taking upwards of four to 10 business days to be delivered, depending on weather and road conditions. Although Canada Post has stated it still meets on-time delivery standards, workers and customers alike realize it's simply not true. Customers soon began looking for alternatives.

For example, a letter mailed in Edmundston, New Brunswick, which is destined for an Edmundston address, is now collected at the end of the business day and transported over 400 kilometres to St. John, New Brunswick, for processing and then returned 400 kilometres for delivery. The 800-kilometre round trip adds days to the delivery time, does little to instill customer satisfaction, and increases the corporation's environmental footprint.

Sadly, this initiative has not been a one-off for Canada Post. During the same period of time, Canada Post has embarked on a concerted effort to remove hundreds of street letter boxes from communities across Atlantic Canada. Street letter boxes are red boxes located throughout communities for the public and a great many small and medium-sized businesses to deposit their mail. Without community red boxes to use, customers are left with few

options but to travel to a post office to do their mailing, and for small and medium-sized businesses, they're forced to either pay for a pickup or make other costly alternate arrangements.

Canada Post has also made going to a commercial post office less convenient. Despite the moratorium on postal closures, Canada Post continues to close rural post offices and relocate some retail operations in larger urban centres, from convenient downtown business cores to less convenient and much less accessible business parks. Many members of the public, including seniors and disabled residents and downtown businesses, are no longer able to walk or travel to the post office to do their mailing. In communities such as Truro, Nova Scotia, and Corner Brook, Newfoundland and Labrador, the post office was relocated to a business park several kilometres from the downtown core. After the moves, Canada Post then used the excuse of declining revenues at the new post offices to further implement reduction of hours of operation to the public and proceeded to cut staff.

Despite the negative initiatives, and not to mention the quarter of a billion dollars reportedly spent by Canada Post to eliminate home mail delivery to almost a million Canadian households and small businesses, Canada Post continues to be a successful crown corporation. Again, Canada Post reported a \$45-million profit in the first six months of 2016.

Atlantic Canadians expect more from their post office than cutbacks and reductions. Instead of making the service less accessible and less relevant to Canadians, our post office should be expanded to deliver more services, particularly in rural Canada.

Postal workers are extremely proud of the service we provide, but we need a government that is just as proud of this important public service and will do everything in its power to enhance, promote, and support our public postal service.

• (1015)

Implementing new and innovative services such as postal banking and community elder care and restoring unpopular and unnecessary cuts such as those made to urban and rural home mail delivery would ensure that Canada Post continues to be in a sound position to fulfill its obligation and commitment to all Canadians.

Thank you very much.

The Chair: Thank you. I appreciate your efforts, Mr. Callaghan. You probably didn't think you were entered into a speed-reading contest when you came here this morning, but I do appreciate your efforts to be on time.

I will start now with our first intervenor. That will be Mr. Whalen, for seven minutes, please.

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

I'd like to thank you all for coming. Of course, this time last year, we were still hot and heavy in a campaign in which the future of Canada Post was an issue. I had a number of difficult conversations with mail carriers in my riding about the somewhat contentious nature of our position that we weren't necessarily going to restore home delivery. We were going to put a moratorium in place on the implementation of the community mailboxes, and then we were going to engage in a broad consultation to see what the future of Canada Post would look like.

Of course, this is what we have done. As part of this process, we've really learned that the Canada Post brand is quite strong. It's a real sense of identity for many Canadians, largely because Canada Post is one of the institutions that helped build our country, so everyone feels there should be a role in the continued growth and building of Canada within Canada Post.

Because we get to hear often from CUPW members, I want to focus my first few questions on Mr. Cavanagh. As a member of the public, but also knowing how your members feel about Canada Post... When we look at the task force report and also at the Canada Post annual report, we see they refer to five types of delivery. They singled one out as being door to door, which is in the older urban communities—straight to the mailbox on the door—but they also have centralized points in condominiums and retirement and assisted-living residences, rural mailboxes at the end of laneways, group mailboxes, the community mailboxes, and post office boxes.

When you talk about door-to-door delivery, do you include any of those other categories as door-to-door delivery? When you think of door to door, do you think of apartment buildings or the end of driveways as being equivalent, or not?

Mr. Danny Cavanagh: I guess when we say daily door-to-door delivery, that's exactly what we mean. It's delivering the mail to the door as it used to be years ago. As an example, at my house, where I live, I've lost mine. I live in a rural community. I had a mailbox. Now I have to drive three kilometres one way to pick up my mail.

Mr. Nick Whalen: What about a rural person who has mail delivered to the end of the driveway? Is that equivalent or not equivalent to door to door, in your opinion?

Mr. Danny Cavanagh: What we're saying is to go back to how it used to be out in the rural community. I didn't mind getting my mail in the mailbox. That's what we're talking about.

Mr. Nick Whalen: In condominium buildings, when they deliver it inside the condominium building to a centralized point, would you consider that door to door? Is that a sufficient level of service?

Mr. Danny Cavanagh: I guess. I have never lived in a condominium, so I'm not sure.

Mr. Nick Whalen: Okay.

Mr. Danny Cavanagh: If you're talking about going inside the door of what I'm familiar with, an apartment building where everybody's mailbox is in the main hallway, then that is what we would be talking about.

Mr. Nick Whalen: Would you consider that to be equivalent to a level of service that you would find comparable to door to door?

Mr. Danny Cavanagh: Yes.

Mr. Nick Whalen: That's great, because when we see these five types, I'd like to know what you feel, as a consumer of mail services, is equivalent to door to door.

In your work with your own unions and the membership of your organization, does joint pension management come up, and is joint pension management something your membership is interested in, approves of, would like to see more of?

The Chair: Mr. Whalen, it might be helpful if you direct your questions to one of the individuals.

Mr. Nick Whalen: I'm sorry. It's to Mr. Cavanagh.

Mr. Danny Cavanagh: If your question's on pensions, yes, we stand and we fight for decent pensions for—

Mr. Nick Whalen: I mean joint management. If there is a joint management committee in place with other members—not necessarily the postal union, but for other members of the Nova Scotia Federation of Labour? Do you, in general, promote a position where pension plans are jointly managed between the union and management, or not?

• (1020)

Mr. Danny Cavanagh: I guess that's a technical question, because there are different degrees of how that happens, but as long as both parties have an equal say and equal value in the management of the pension plan, then that's one question. We generally stand to defend defined benefit pension plans for all our members.

Mr. Nick Whalen: Okay, thank you.

Mr. Danny Cavanagh: There are so many different degrees to what you're talking about that it's hard for me to give a direct answer, because sometimes that works well in one place and in other places it doesn't work so well. Clearly, we believe people need to have a decent pension.

Mr. Nick Whalen: Okay.

In terms of the process that we've designed, the minister had a task force that examined the financial aspects of the future viability of Canada Post from a financial self-sustainability framework. We have this committee that's going across the country now, taking a broader look at Canada Post and all the possible options in terms of preserving its ability to service Canadians. Has this process been suitable? Have you found this better than the previous process surrounding the five-point plan? Do you have any ideas about how our process could be better?

Mr. Danny Cavanagh: I think any process can always be looked at, but probably a couple of years ago, we would say most of these processes didn't have any value. I hope this process will be different. I wasn't at other meetings that you had, but I hear that in some places, there were nine vacant openings where people didn't have an opportunity to come and speak who wanted to. Even though they showed up at the hearing, they were told that they couldn't come in.

I think any of these processes need to have real value to them, and people who are doing the presentations need to believe that they're really going to be listened to. I hope that this federal government is going to take that very seriously and listen to what people have to say so that they can find some real value in it. Then it just doesn't end up with a lot of people feeling like they went and did a presentation and it really isn't going to do any good at the end of the day.

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

I have a very quick question. In my view, the people who bear the risks should be involved in making the decisions. What is the biggest risk of a collapse of Canada Post, and who do you feel are the people who would be bearing the brunt of the risk in a serious downgrading of Canada Post? This would be to Mr. Callaghan.

Mr. Jeffrey Callaghan: I think the Canadian public would bear almost the full impact of that. Besides workers losing their jobs, I think the services that we provide to Canadians are invaluable right across the country, and if the corporation ever failed, it would be devastating for all Canadians. Canada Post has been a successful crown corporation, probably one of the most successful crown corporations in Canada. I think it can continue to be better and I think that's what we should be aiming for.

The Chair: Thank you.

Mr. Kmiec, you're next, for seven minutes.

Mr. Tom Kmiec (Calgary Shepard, CPC): Gentlemen, thank you for coming in. I have a whole series of questions that I was just writing down while you were speaking. If you can keep your answers short, I can get through as many of them as possible, because otherwise I'll have to pass them over to my colleague to make sure we get through them.

Mr. Cavanagh and Mr. Keefe, both of you mentioned postal banking. Do you imagine Canada Post starting up a full-on bank, or do you imagine Canada Post using its current locations to allow the chartered banks or credit unions to open up a kiosk in those locations?

Mr. Michael Keefe: What the union is proposing is that Canada Post and the Liberal government look at the different options that are out there.

There are options whereby Canada Post would be a fully funded bank. There are options whereby Canada Post would partner with one financial institution, something like what President's Choice banking has done by partnering with CIBC and then, I believe, with ScotiaBank, or they could enter into a partnership with multiple banks and essentially act as branches for those banks.

The issue is that Canada Post has done an exhaustive study into postal banking. They have an 800-plus page report that's been released, but over 750 pages of it have been redacted. This is not rocket science. Canada Post has already done the legwork of investigating postal banking. Among the parts that weren't redacted were two sentences: one that said that it would be a win-win scenario for the corporation and one that said it would be a proven money-maker.

•(1025)

Mr. Tom Kmiec: Can I just ask, because you know your members locally much better than I do, and maybe nationally as well, how many of your union members have experience in banking and financial services?

Mr. Michael Keefe: I don't know how many have experience with banking as such. I'm a newly trained retail clerk in Burnside. We already offer a lot of financial services. We have prepaid credit cards. We do money transfers. We offer money orders. We already offer a great deal of financial service options.

Mr. Tom Kmiec: Can I just stop you right there?

Banks offer mortgages. They offer personal lines of credit, home equity lines of credit, which require an underwriter to do all of that. That's why I'm asking. I'm trying to figure out what the training dollars involved are. The reason is that when ATB Financial, the Alberta Treasury Branches in Alberta, rolled out a new piece of software to update itself to be able to compete with the chartered banks, it cost them \$355 million, and there were 76,000 hours of training for their staff of 5,000 employees at hundreds of main branches. It was well over 100% over budget when completed. It hurt the brand, the image of ATB, because it was such a poor rollout. Management suffered because of it.

When we look at past transcripts from this committee, persons who have come in told us 77% of Canadians would consider using banking services through Canada Post and 11% of businesses said they would use it, but it requires a lot of investment into Canada Post to get it started. Then we have to close the \$700 million shortfall by 2026. We're talking about cheque and cash reconciliation, compliance, training, and licencing. We need to have controls for money-laundering operations that you can stop, on-site security, and SAP software. Then you also need call centres, online banking, and telephone banking components that are all working seamlessly together, because customers expect that seamless service wherever they are.

I'm just worried about this huge investment in resources that could maybe be better used in something else. The core business of Canada Post, what you're all really good at, is moving things around the country, so is this a wise investment, considering all of these new things that would need to be done? There are the training hours required to bring your members up to speed on what chartered banks and credit unions do.

Mr. Michael Keefe: I believe it would be a smart investment in the long run. When you look at the record profits that the banking industry is currently making—and they're doing that by consolidating branches, taking branches out of rural areas, and taking branches out of, shall we say, lower-income areas—I believe it would be a very smart idea.

Regarding some of the training that you're referring to about money laundering and FINTRAC, we already do that training. We already have some training with regard to money laundering.

I can't speak to the costs that you're referring to, but I think it would be money well spent.

Mr. Tom Kmiec: How much time do I have, Mr. Chair?

The Chair: You have about two minutes.

Mr. Tom Kmiec: I have two minutes? All right.

Do you know how many potential bank closures there would be? There are retail outlets that would potentially move into a Canada Post location. On one side, you could say we are gaining jobs, but I'm sure the banks are pretty diligent about pinching their pennies.

My brother works in banking. He has worked in three different chartered banks, so I'm just telling you what I've heard from him and his colleagues. If a location is not making any money or there are too many losses or there is too much theft or whatever it is, they will close the location.

Do you know how many of those would be affected? We gain jobs on one side with CUPW; in Canada Post we might lose many in the chartered banking sector, credit unions. I'm thinking of credit unions back home in Alberta. You would be in direct competition with them in many small towns.

Mr. Jeffrey Callaghan: Even without postal banking, you'll see banks that have folded up and closed branches right across the country.

Many of these communities do not have a bank. Look at the Canadian Centre for Policy Alternatives study on postal banking in the province of Newfoundland and Labrador. There are communities that have absolutely no credit union or credited bank, but they do have a post office. There are lots of those communities across the country where we're already in place to operate a postal bank. We're filling a void in a lot of communities where there is no bank. Banks have already decided that there is no money to be made in those places, and they have already left.

I think the investment that Canada Post would have to make in banking, as Mike has said, is a very prudent investment. When you look at countries around the world like Switzerland, France, and the U.K. that all have postal banks—

• (1030)

Mr. Tom Kmiec: They're all private.

Mr. Jeffrey Callaghan: Sorry?

Mr. Tom Kmiec: They're private.

Mr. Jeffrey Callaghan: Some of them are private, but they're all run by the postal administrations in those countries and they're all making money. They all have successful banks as well, so there's room there.

The Chair: Thank you very much.

Next, for seven minutes, we have Mr. Duvall.

Welcome to our committee.

Mr. Scott Duvall (Hamilton Mountain, NDP): Thank you very much.

Thank you, gentlemen, for coming today and explaining your views, what you'd like to see happen, and some of the problems.

Sticking with the banking, Mr. Cavanagh, it was mentioned that Canada Post used to have it. Do you know the reason we got out of it in 1958 or 1959, whenever it was?

Mr. Danny Cavanagh: Sorry, no, I don't, but my colleagues might be able to answer that question.

I want to add a bit to the conversation beforehand.

In Nova Scotia in particular, a lot of small rural communities have lost their banks. There is no bank there at all. What I believe we need to do is.... You have the report. It's been redacted to some extent. It talked about being a win-win.

I think what we really need to do is talk more about the human aspects of things. If it's a profitable business, let's figure out how we can kick doors open, not kick doors closed, and make things better for people in many of those rural communities.

I think it's a sad aspect when we just talk about the dollars and cents of it and we have arguments negative or positive. In most of the reports, the human side of things is virtually left out. In this province in particular, there are many communities that don't have any banking services whatsoever, and there are a lot of seniors in those communities.

Mr. Scott Duvall: Mr. Cavanagh, what I was trying to get at is that it could be that big banks didn't want to compete against Canada Post on the profits.

One of the things I noticed in the report is that it says about \$400 million has been saved by going to community mailboxes. Wherever the savings are—and I'm not sure if that's through job losses or whatever—do any of you gentlemen know what the actual start-up costs were to put in these community mailboxes, the cost for the boxes, the maintenance costs?

Mr. Jeffrey Callaghan: I saw a report from Blacklock's this past week that said that Canada Post reported that it cost them about \$210 million. We're not sure if that's the total cost or not. There are additional costs that have been downloaded to municipalities, because municipalities are now responsible for the clearing of the boxes and the lighting and some health and safety aspects.

Mr. Scott Duvall: In my area of Hamilton Mountain, we established community mailboxes, and there was an outcry. Then the Liberals came in and put a moratorium on it.

Have you experienced in your areas any concerns that municipalities have about the downloading of responsibilities?

Mr. Callaghan, you spoke about street lighting, the road allowance permits that they don't have to pay for, graffiti, the garbage, the no-stopping signs. A lot of places have community mailboxes, and they were planned. What we're doing now is taking older sections of the cities and sticking them in anywhere. They're popping up like popcorn. There's a cost to this. Do you know if municipalities in your areas are concerned?

Mr. Michael Keefe: I do remember seeing a letter from the municipality of Yarmouth. It's not our municipality, but it's within the province. They were quite concerned about things like lighting and litter removal, because when most people open their mailbox and get junk mail, it goes in the garbage. If you're picking it up at a centralized location with no waste receptacles, it's going to go on the ground.

The municipalities do have concerns. Canada Post does a pretty good two-step to make them feel that they'll cover the costs, but they're very vague on the details.

• (1035)

Mr. Scott Duvall: Through you, Mr. Chair, to Mr. Callaghan, I believe you mentioned about the people with accessibility needs not being able to get their mail. I think you said that a doctor's note might get accommodation for delivery one day a week. Do you know what the cost is for a senior to go to the doctor and make an application to continue getting their mail?

Mr. Jeffrey Callaghan: No, but I've seen some reports of doctors charging up to \$100 for a note to be provided to Canada Post for that. We think it's intrusive for people to have to prove that they're disabled and can't get their mail. For Canada Post to provide them mail delivery once a week as an alternative is shameful when their neighbours are getting delivery five days a week, even to a CMB. Because they're differently abled, to only be able to access their mail one day a week is not acceptable.

Mr. Scott Duvall: Do you know if the plan is for Canada Post to eliminate 100% of door-to-door delivery, or just in certain areas?

Mr. Jeffrey Callaghan: The five-point plan that Canada Post announced in December 2013 earmarked about five million total points of call across Canada to be eliminated, so virtually all door-to-door delivery outside of downtown business cores would be eliminated in the five-point plan. Hopefully it'll stop.

The Chair: Do you have one more question?

Mr. Scott Duvall: Have you experienced, or have any of you known.... Since they have gone to the community mailboxes, of course there are fewer employees. I'm not sure whether they've been laid off or if it's through attrition. Maybe you can answer whether they left through attrition.

Have you experienced a great amount of overtime with other letter carriers since this has happened?

Mr. Jeffrey Callaghan: Yes, the average right across our region is that the loss of jobs is through attrition, and the routes, as Mr. Keefe said, have gotten longer, but people still have to finish them within their eight hours, so in places like St. John's, Newfoundland and Labrador, the overtime has gone through the roof. While jobs have been cut, the people who are there are working longer hours.

The Chair: Thank you.

We'll go now to Mr. Ayoub.

[*Translation*]

Mr. Ayoub, you have seven minutes.

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

Thank you, gentlemen, for joining us today. Since the beginning of our cross-country tour, we've seen how valuable and important it is to hear from people at every stop along the way. Of course, that applies to Halifax.

Mr. Cavanaugh, our examination of Canada Post has to take two different philosophies into account. On the one hand, we're dealing with a corporation that's trying to turn a profit. On the other hand, even though we support its profitability, if that doesn't happen, the organization could potentially be subsidized since it is a crown corporation.

The five-point plan addresses attrition and the elimination of home mail delivery. You aren't the only ones to tell us that Canada Post is still profitable. A number of local and national unions have told us the same thing. The elimination of home mail delivery resulted in job losses and cost savings. The price of stamps also went up.

Do you have any figures, documentation, or statistics to show that the corporation would have continued to be profitable had it not implemented the first phase of its five-point plan?

• (1040)

[*English*]

Mr. Danny Cavanagh: I'm not sure. I don't have those numbers in front of me, so I don't know. Maybe Jeff can touch on that.

Mr. Jeffrey Callaghan: What I'd have to say to that is that while Canada Post has implemented CMB delivery across Canada to a million points of call, a lot of those workers are still there. While Canada Post was claiming that it was making millions of dollars in savings, a lot of those letter carriers are still there because of job protections under our collective agreements with Canada Post, so those savings weren't realized to their full extent, if I'm catching your point.

[*Translation*]

Mr. Ramez Ayoub: It would be worthwhile to see more figures on that. The independent task force appointed just prior to the summer put out a report, as did Ernst & Young.

Those studies estimate that Canada Post will incur net losses of \$700 million by 2025-26. That brings us back to our initial dilemma. Do we subsidize a corporation providing what is considered a national service, or do we want the corporation to be profitable?

I have another question about the community mailboxes. Thirty percent of people still have home mail delivery, but no one else. Community mailboxes are located all over the country. Now we are hearing about mail being stolen. It's an important issue, one that really bothers me. Mail theft is something we've been hearing about in relation to newly installed community mailboxes, but was it ever a concern with the old community mailboxes? It's something I'd never heard of prior to the new mailboxes, and now we are hearing about it more. However, individual home mailboxes aren't locked either; anyone can access them. But, yes, it does take 78 home mailboxes to make up a single community mailbox.

To what extent was theft an issue before? Are you familiar with that?

[English]

Mr. Michael Keefe: Obviously, there has always been theft of mail. What you are asking—to see the figures for before and after—is one of the things I had asked for in my testimony.

Mr. Ramez Ayoub: That was for the newly implemented boxes. I'm talking about the old boxes.

Mr. Michael Keefe: Prior to the implementation, which began in 2014, CPC, through a freedom of information request, did an investigation in British Columbia, because British Columbia was the fastest-growing real estate market.

I'm going to refer to one of my exhibits.

There were 48,000 incidents of theft, vandalism, and arson in 130 communities between 2008 and 2013. Those are from the old boxes prior to the implementation of the five-point plan.

[Translation]

Mr. Ramez Ayoub: Thank you.

With all the hearings we've held, if the status quo had been an option, we wouldn't be here today. We wouldn't be having this discussion, and we'd already be restoring home delivery for the 32% of people who have it.

Do you think home mail delivery needs to be restored to the other 70% of people? Two types of service already exist. Should home delivery be restored for everyone or just those who've lost the service since 2014?

[English]

Mr. Jeffrey Callaghan: Canada Post's own figures about who gets home mail delivery and who doesn't go to Mr. Whalen's point about whether to consider getting mail to an apartment as home mail delivery. When people in rural Canada get mail delivered to rural mailboxes at the end of their driveways, is that considered home mail delivery? We think it is. Most people think it is. We're listening to Canadians talk to us as we deliver their mail, and they say that they want their home mail delivery restored, whether it be in an urban centres like Bedford, Lower Sackville, and parts of Halifax that have lost it, or whether it's rural Canada.

In 2008-2009, Canada Post started a project of removing thousands of rural roadside mailboxes, and people had to start driving to get their mail in rural Canada. We didn't have a big uproar over that. It seems that when they started doing it in major cities, we started hearing more noise generated across the country around that. Rural Canadians have had their home mail devastated for going on about 10 years. We think that should all be restored.

•(1045)

The Chair: Than you very much

We'll go into our last two interventions. These will be five minutes each.

First will be Mr. McCauley.

Mr. Kelly McCauley (Edmonton West, CPC): Gentlemen, thank you for joining us today. It's beautiful in Halifax. Thanks for arranging that.

I'm going to bounce all over the place, if you don't mind.

Mr. Callaghan, you made a comment about switching to the CMBs, but you're saying the workers are still there as if there weren't any cuts. We heard earlier that the routes are getting a lot larger. I think Mr. Keith said the amount of work has doubled. One contradicts the other. Which is it?

Mr. Jeffrey Callaghan: It's not a contradiction. People have not been laid off. The cuts that Canada Post has made to jobs have mainly been through attrition, so as people retire—

Mr. Kelly McCauley: The bodies aren't still there. It's just through attrition. Okay.

Mr. Keefe, you mentioned, from the B.C. report, 4,800 incidents. Was that from home boxes or from existing CMBs?

Mr. Michael Keefe: That was from existing CMBs.

Mr. Kelly McCauley: Are you aware of an issue here in Halifax that they're getting broken into?

Mr. Michael Keefe: Yes, there is. Again, there are exhibits in my testimony. I've received a photograph from a member who was out in Portland Estates, looking at Christmas lights with his family, and there was a box that was broken into. He took a picture and sent it to me. Then last year in Hammonds Plains and Lucasville, just outside of Bedford, there were a rash of break-ins into community mailboxes there as well.

It's an issue that happens right across this country. Unfortunately, it takes freedom of information requests from news outlets in order to get the full information out there, which is one of the reasons that I suggested this committee should look at the larger picture of how much of an issue, or how little of an issue, it is across Canada.

Mr. Kelly McCauley: Mail sorting comes up a lot. I understand Canada Post is going very soon to something like FedEx, which ships everything to one location. In theory, it's a bit silly when you think it gets picked up in Halifax, goes to Sydney, and goes to the States for sorting, but obviously there's a reason for these efficiencies. You talked about it.

Are you suggesting we go back to the old way, whereby every city sorts its own?

Mr. Jeffrey Callaghan: Yes. We think it provided a much better service for residents to do their mail. If I'm mailing a letter in Halifax

Mr. Kelly McCauley: The only question I have for that is this. This survey that has been done is quite extensive. It has shown that the number one concern of Canadians is reliability. A day or two later, etc., is not an urgent matter. Things have changed; let's be honest. We're not sitting waiting for Christmas cards from grandma. We're waiting for this and that later, but they're saying that reliability is the first thing. Two or three days later is not as important as it used to be.

Do you agree with that?

Mr. Jeffrey Callaghan: No, I don't agree with that. The Canadians and the owners of small and medium-sized businesses I've talked to say that reliability is important, but speed is every bit as important. When we're seeing mail that's taking upwards of a week to two weeks to be delivered, and it's a letter mailed across the street or across the town, that's unacceptable. That's when Canadians in those communities are looking for other alternatives, and they're turning to FedEx and those types of services to get their—

Mr. Kelly McCauley: Are they FedExing individual letters?

Mr. Jeffrey Callaghan: We're talking about invoices and important documents—documents from a lawyer's office, for example. That's the incident I'm thinking about right now. We received a letter from a lawyer's office in the Miramichi. Sending important documents across town took eight days.

Mr. Kelly McCauley: Are you suggesting the lawyer who is sending important documents by stamp mail would be the lawyer you would choose?

Mr. Jeffrey Callaghan: You would be surprised that it was in the mail system.

Mr. Kelly McCauley: I would be.

I'll go on to some of the surveys we've been doing.

If we could have our choice, yes, all Canadians would like to have door-to-door delivery, but that's not the reality, and it won't be the reality. They're saying very clearly that they don't want to pay more for stamps and they don't want to pay higher taxes either. Canadians do not want to subsidize Canada Post.

Where do you see it going? Postal banking might be off the table. I'm not sure that's a feasible thing, especially when you look at the small communities where it might happen. There's not a lot of revenue that's going to generate a profit. What do you see, going forward, for Canada Post, when Canadians are saying no to higher taxes to subsidize them and no to higher stamp prices?

•(1050)

The Chair: Please answer very briefly, Mr. Callaghan.

Mr. Kelly McCauley: Do you see a solution where we can continue with CMBs, or in your view or from CUPW's, is that not an option at this time?

Mr. Jeffrey Callaghan: Canada Post has been a successful crown corporation making profits year after year since the 1990s, and we think that will continue going forward. However, Canada Post has to look at expanding services. They can't continue to navel-gaze. Postal administrations around the world are facing exactly the same problems as Canada Post, but they're looking at other solutions.

Mr. Kelly McCauley: Excellent. There's privatization, though.

The Chair: Thank you. Unfortunately, you're well over time, Mr. McCauley.

We'll have our final intervention of five minutes.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Thank you all for being here.

I am interested in a few things. One is the footprint, the carbon footprint. You suggested that the change that Canada Post has made in reducing door-to-door delivery and making people go to

community mailboxes is one way in which they're increasing our fossil fuel consumption and therefore increasing the carbon footprint. Am I right in assuming that?

Mr. Danny Cavanagh: Yes. From things as I understand them, when you put more fleet on the road and you have fewer people on foot, that naturally increases your carbon footprint.

Ms. Yasmin Ratansi: Fair enough. Do you deal with rural areas? If so, do you know if there are many community hubs that communities could use for the suggestions you've made about charging stations, etc.?

Mr. Danny Cavanagh: I think the suggestion was that charging stations could be at the actual post offices that are in those communities now, the same as those buildings could be part of the banking system and many other kinds of things. Almost every rural community in this province has a post office in the community now.

Ms. Yasmin Ratansi: Fair enough.

Mr. Callaghan, I'm just following through with what Mr. McCauley said. When we were listening to businesses, they spoke of timeliness and efficiency in service. From your presentation—and we've heard from others—the initiatives that Canada Post brought in have created more inefficiency in a crisis than efficiency.

Do you think that changing back to your postal office not sending mail from here to Toronto and then back in Windsor and then sending it across would reinstate the timeliness? There are some initiatives that appear to create a crisis where none should exist.

Mr. Jeffrey Callaghan: Yes, I think we're talking about restoring local processing of the mail that's to stay in the community. In the case of mail that's mailed in Halifax for Toronto, yes, it makes sense to go to a larger sorting station. That's going to go across the country. We're talking about mail that's for the community or the surrounding communities. Canada Post refers to them as DCFs. It should be restored back to the local post office to do that sorting, because it doesn't make any sense to put a letter on a truck to send it 1,000 kilometres away to be processed, only to come back again and be delivered the next day. It makes absolutely no sense.

Ms. Yasmin Ratansi: Our job here is to think outside the box and create solutions outside the box. Would you be able to work with management? There seems to be tension. Is it possible that if management sits down and listens to you, you would be able to work with them?

Mr. Jeffrey Callaghan: I think maybe a change of direction at the top of Canada Post would be helpful. I think in the past we've been open to working with the management of Canada Post. We ask for consultations on a regular basis, and our collective agreements are full of mandates to consult, but I guess the key words missing from a lot of it are “meaningful” consultation. We raise issues, and a lot of times they don't go anywhere. We spend a lot of time—

•(1055)

Ms. Yasmin Ratansi: I have only one minute left. You have an e-post system, and you've been doing some banking, and I just came back from India, which has a huge postal network. Mr. Modi wants inclusion, so he has reached out to communities, reached out to the post office, and said rural networks are going to work. It is not brick and mortar that we're looking for; we're looking for creative solutions.

Would the rural communities be able to access? How many are accessing your e-post system at the moment, the one where you do MoneyGrams, visas, etc.?

Mr. Michael Keefe: We're not sure how many are accessing e-post, because many rural areas don't have reliable high-speed Internet services, so essentially all you can do there is pay bills. I shouldn't say "all you can do". You pay bills there, but if you don't have a reliable Internet service, then you can't really access it.

Ms. Yasmin Ratansi: If you want postal banking, I guess we'd have to have reliable postal Internet service, plus people with smart phones who can probably bank online.

Mr. Michael Keefe: Or you could just allow people to go to the brick-and-mortar post office, which is still in most communities, and they can do their banking there.

Ms. Yasmin Ratansi: Okay. Thank you.

The Chair: Thank you very much.

Thank you very much, gentlemen. We've reached the end of our time.

Before I give my very brief closing comments, though, I'd like to get something on the record. It speaks to a comment that Mr. Ayoub made earlier about Canada Post perhaps being considered an essential service as opposed to a business. It revolves around direct subsidies.

Here is my question to you. If all else fails—if the five-point plan doesn't work, if cutting costs is ineffective, and if other options of raising additional revenue to try to better position Canada Post in the future don't seem to be sufficient—would you or would you not agree that the government should directly subsidize Canada Post, much in the same manner it does with, say, the CBC?

Mr. Keefe, I'll start with you.

Mr. Michael Keefe: I would say yes, they would have to. If they're not willing to expand in the money-making areas and Canadians want their postal service, then yes, it would have to be subsidized.

The Chair: Thank you.

Mr. Jeffrey Callaghan: Yes, I would agree, but I think before we ever get to that, there are examples all around the world of postal administrations facing the same daunting task as Canada Post. They're looking for other innovative solutions, and that's what we need to do here in Canada.

The Chair: Thank you.

Finally, Mr. Cavanagh, would you comment?

Mr. Danny Cavanagh: Thank you.

Yes, we agree with that, and we have lots of studies to say that Canadians don't mind paying higher taxes to get the kinds of public services they want.

The Chair: Thank you very much.

Gentlemen, I thank you all for being here today and I thank you for your presentations, particularly Mr. Keefe and Mr. Callaghan. We've heard from several of your colleagues in various parts of

Canada, and I'm sure we'll hear more as we continue to go out west and on the rest of our tour this week.

One thing I can assure you is that every time we have CUPW representatives here, you bring a slightly different perspective to the table, so I appreciate that.

Mr. Cavanagh, I appreciate your being here.

Finally, gentlemen, if you have any additional information that you think would be of benefit to our committee as we continue our deliberations, please feel free to submit them directly to our clerk. We'll make sure that those are included in our deliberations and in our final report.

Thank you once again. We are suspended, and I would ask the next panellists to please come to the table as quickly as possible.

• (1055)

(Pause)

• (1100)

The Chair: Ladies and gentlemen, and colleagues, I think we'll get started again if we can.

Good morning, ladies and gentlemen, and thank you for being here. I think I saw most of you, if not all of you, in the audience for the first session, so you probably know how things work around here. In the event you weren't, let me reiterate quickly.

We're asking each of you to please make a brief opening statement of five minutes or less. Since there are four panellists, I'm going to have to be strict on the five-minute time limit. If you care to look up during your presentation, I'll try to give you a one-minute advance warning, so you can start wrapping up if you're not quite finished.

Following that, we'll have interventions from all of our committee members, and at the end of that time, hopefully we'll have all of the information that you wish to transfer to our committee.

With that, we'll start immediately. On my list as our first panellist to speak is Mr. Brigley.

Mr. Brigley, you have five minutes.

• (1105)

Mr. Jonethan Brigley (Chair, Dartmouth, ACORN Canada): Thank you.

I'm a member of ACORN Canada, and our main focus has been on the low- to moderate-income families in Canada.

We are very much supportive of postal banking, but one of the major points we want to focus on is how to compete with, if not get rid of, things like payday loans.

As people know, payday loans in Nova Scotia are \$22 for every \$100, which actually equals up to a 572% interest rate. We think that postal banking will be able to help low-income families by giving out loans at a low to moderate interest rate to those who need them for emergencies between pays, such as family emergencies, etc.

Right now, if you take a payday loan, you have two weeks to pay it off. That's it. We have records of people who have taken out up to 15 loans, mostly just trying to pay back the prior loan, because some people don't have paycheques and it doesn't line up with when they actually get money, so they have to take out loans just to keep it rolling, while being taxed at that interest rate.

Postal banking could modernize that and actually make a payment plan with low-income families to try to get them to pay it off in a set period of time, instead of slapping a two-week due date on it.

Right now, companies for payday loans are all focused on low-income areas. Sometimes you see two if not three buildings all clumped up together in one area. You don't see them in high society areas or anything like that. These loans are increasing poverty in low-income neighbourhoods and escalating problems such as crime and violence.

The idea of postal banking providing an alternative payday lending product is to provide people with low-cost options in times of crisis. It's true that credit unions are increasingly offering low costs on low-amount loans to their members. However, their reach is very low, which is why postal banking could help fill in these gaps.

A recent study by ACORN shows that people use payday loans because they are being denied credit at the banks. It is often because banks deny people overdraft protection, lines of credit, and credit cards, so people use payday loans. Furthermore, "Canada Post in the Digital Age" quotes the Canadian Bankers Association, "who have indicated that many users of payday loan lenders choose the service because of the relative anonymity it affords."

First, people use payday loans because they are in need of basic necessities such as food, rent, and car repairs, or for family emergencies, etc. On the profitability of payday loans, Vancity, which is in B.C., offers a product at 20%, which is a much longer payback than what payday loans provide. This is the model we would suggest for postal banking. People need a low-interest, fair-terms, short-term loan product alternative that is available across the country, and this is something we believe postal banking could do.

That's pretty much how ACORN sees it for postal banking.

The Chair: Thank you very much. We appreciate your comments.

Next up is Mr. Kozloski, for five minutes, please.

Dr. Thomas Kozloski (Chair, Board of Directors, Feed Nova Scotia): Thank you.

My name is Tom Kozloski. I'm a faculty member of the Sobey School of Business at St. Mary's. I've been on the board of Feed Nova Scotia for about four years and I've been chair for one. I'm here on behalf of Nick Jennery, our executive director, and his team, who work so hard to assist Nova Scotians who experience food insecurity. I'd like to thank you very much for the opportunity to offer our comments and suggestions.

To give you just a little bit of background, Feed Nova Scotia is not a food bank per se. We provide food and some other support to a network of 147 food banks, shelters, and meal programs all across the province. To give you some idea of scale, we deliver approximately two million kilograms of food per year to about 44,000 Nova Scotians who are registered with the various food

banks and meal programs. One-third of these are children under the age of 18. The food that we deliver across the province has a value in excess of \$10 million. We've noticed, especially in the recent fiscal year, a significant increase in demand for our services.

In addition to regular ongoing food support during the year, we have a Christmas program that provides Christmas meals and hampers to children and families across Nova Scotia who otherwise would not have a Christmas celebration. We don't receive any financial assistance from the government. We rely entirely on public support for our operating budget, which is about \$3.5 million. That revenue comes from a variety of sources, including the reason I'm here today: direct mail campaigns.

We have a very heavy reliance on Canada Post. While there is an uptick in electronic forms of communication and digital and social media, there is still a very significant part of our business that relies on the conventional postal system. For instance, in our last three major appeals, we sent out about 120,000 individual mailings. They accounted for about \$650,000 in revenue alone. That's not even counting the impact of getting our message out to people who might donate, for instance, in the future.

Most of our revenue comes via Canada Post through cheques, money orders, and bank drafts, and about 25% of our credit card donations come through there too, so fully two-thirds of our revenue comes to our organization through Canada Post. We go back and forth with our supporters and clients with highly personalized communications—income tax receipts, for example, and thank-you letters, and these are essential to our operations.

The move to the neighbourhood community mailboxes is a little bit of a cause of concern for us. As mentioned before, a large portion of our operating funds come through direct mail appeals in addition to the other sources, which are sponsorships, public events, corporate sponsorships, things like that. If community boxes result in a slower and lower response rate, which some have suggested they do, this would definitely harm us significantly and impact our ability to feed hungry Nova Scotians across the province.

As a registered charitable organization, we're required to provide official tax receipts. Electronic receipting is certainly an option, but it suffers from the same issues of whether or not electronic means are widespread and whether people have access to them. Many people do not have the ability to access the Internet on a regular or even irregular basis, so it's very important to have an efficient and effective Canada Post for all of those reasons that I just mentioned.

In summary, we understand that Canada Post faces very significant operational and financial challenges. We don't necessarily have solutions to those challenges. My purpose here today is to let you know how much we depend on Canada Post in order to run our operation and to provide services to needy, hungry people. We have no one to pass cost increases to. Again, we really need the services of an efficient and effective Canada Post.

● (1110)

We would encourage you to talk with our accrediting agency, Imagine Canada, and possibly make some accommodations for a pricing structure that will assist charities like ours in the delivery of services to needy Canadians across the country.

Thank you very much for the opportunity to offer our comments. We look forward to your questions.

The Chair: Thank you very much.

Next up we have Ms. Corbin.

You have five minutes, please.

Ms. Anne Corbin (Executive Director, Community Links Association): First of all, thank you for the opportunity to speak to this committee.

Community Links is a provincial organization of senior and senior-serving organizations. We work to promote age-friendly communities across Nova Scotia. I'm here on behalf of the older population, both urban and rural, who are members of our association.

The termination of door-to-door delivery is in direct opposition to the need to maintain healthy, safe communities and to allow seniors to age in place. Indeed, aging in place is one of the favourite themes of all levels of government. One of the rationales behind the aging in place philosophy is that the longer people can live independently in their homes and communities, the less the financial and social burden will be in trying to increase nursing home beds and other levels of care.

In order for people to age in place, however, services must be available in both urban and rural communities. Home delivery of mail is just such a highly valued service. Mail delivery provides communication, access, and injury prevention to those facing mobility challenges.

Consider the unpredictable winter weather in Atlantic Canada and elsewhere, when flash freezing has left sidewalks, roads, and driveways thick with ice, rendering them impassable for many people with any mobility challenge. Add to this the significant number of seniors who no longer possess a driver's licence and community mailboxes that are situated in excess of two kilometres from a residence in some parts of rural Nova Scotia. This places an additional hardship on seniors trying to receive their mail.

I'm reminded of a recent story of an older adult in Mineville, Nova Scotia, who in spite of using a wheelchair has remained independent and is able to drive their adapted car. However, the lockbox—or community mailbox, in your terms—is located down a slope, which presents a challenge to the wheelchair user both in approaching the

mailbox and returning to her car. You can imagine what this struggle would look like on an icy day in February.

The community mailbox sites pose added challenges for the older population, including staying safe in inclement weather and dealing with frozen locks and ice underfoot. There are also reports of community mailboxes being the target of vandalism, arson, and theft, translating to an increase in the number of victims should these mail stations become the norm.

The positive impact of letter carriers on senior and community safety stretches far beyond the winter months. Home delivery allows letter carriers to identify homes where mail is piling up, which may signal that the homeowner has been hurt or has become seriously ill.

Letter carriers have close and regular access to individual homes that allow them to act as the eyes and ears of a community. Should letter carrier services cease, the inconvenience or impossibility of walking to a community mailbox will inevitably result in many seniors depending on others to pick up and deliver their mail. Not only will this put seniors at greater risk of victimization—for example, through mail fraud and theft—but it will increase seniors' dependency and isolation.

I'd like to highlight two or three items reported in a discussion paper on Canada Post and the digital age. First of all, 92% of Canadians surveyed—and this is in the discussion paper—say that door-to-door delivery is essential for people with mobility and health problems, including some elderly. I would add that with our aging population, there are many older adults who are going to find it difficult to travel to community boxes.

Second, another statistic from the discussion paper suggests that reducing delivery to every other day was the most popular cost reduction strategy supported by Canadians. Nobody really now needs their mail to be delivered every day.

In the executive summary to the recent discussion paper, it is stated that while Canada Post operates as a commercial corporation, it differs from for-profit-making private sector corporations in that its primary mandate is one of public service. We want to emphasize that: that this is an essential public service, and the profit motive should not be near the top of the list of reasons for making changes.

Thank you.

● (1115)

The Chair: Thank you very much.

Our final panellist will be Mr. LaRusic.

Mr. Bernie LaRusic (Past President, Senior Citizens and Pensioners of Nova Scotia): Thank you very much. My presentation will be within limits.

Good morning, and thank you for the invitation. It's nice to see a lot of people here going across Canada to get all the information.

The Federation of Senior Citizens and Pensioners of Nova Scotia represents seniors through clubs and councils in rural and urban areas of the province. The seniors in all of these communities do not want another lifeline moved or removed.

The concept in the health community is home care. The present concept being put forward by Canada Post Corporation does not appear to support the view of maintaining seniors in their homes as long as possible, given such additions as the community boxes.

We are not the generation that sits with a device in our hands sending vast quantities of information on what appears to be a continuous basis. We enjoy family, friends, reading, watching our favourite TV programs, visiting, going to church, volunteering, and getting our mail at the door.

A letter carrier is a friend who also has a good understanding of the senior population and has proven to be a good friend and a neighbour in times of need.

Retention of home delivery is the question. The answer could be yes, with no changes, but what will occur? Canada Post Corporation is a business, but it's the government that reviews the running of their arm's-length business. The present method of delivering mail works well, although a senior in Sydney who mails a birthday card to a friend down the street can't believe that it will go to Halifax and back before it's delivered.

Canada Post Corporation's plans to improve the system seem to speak of the time-honoured money-saved dimension and not of services lost. The financial picture of Canada Post Corporation in recent years has shown an improvement in the bottom line. In 2011 they lost a little bit of money, just about \$330 million. In 2012 they did okay, with \$77 million. In 2013 it went back down to \$169 million. In 2014 it was back up, and in 2015 it was back up. In fact, in 2016, it's looking good too.

However, in 2011 a Supreme Court decision cost Canada Post \$250 million for pay equity from 1983 to 2002. The impact of the lockout by Canada Post in 2011 was somewhere between \$50 million and \$70 million. There was also a one-time cost relating to pension benefits of \$63 million during this period as a result of new improvements. When put together, this would be a more telling picture of the 2011 financial statement.

Urban and rural mail delivery is being rerouted to the numbers reflected in a financial projections and statements report developed at the request of Canada Post Corporation. I have had only a few projects on which I was completely in charge. One was buying my van and the other was making sure the architect drawing the plans for our retirement home 20 years ago followed the directions and code. I would suggest that Canada Post give some direction to those who would forward the report to reflect their guidelines.

A very interesting point is that the Canada Post management do not fully support the view of the corporation. Those who understand and manage the operation of the corporation have done a good job in maintaining the home delivery system and have suggested other improvements that are not being considered. The suggestion of alternate-day delivery of mail may be acceptable, but delivery of parcels on such a schedule would not be acceptable.

Mary Traversy, a senior vice-president, has publicly acknowledged that many businesses, particularly small and medium-size businesses, rely upon regular delivery. The current president stressed the importance of daily mail delivery for the cash flow of businesses.

The Federation of Senior Citizens and Pensioners of Nova Scotia, unlike many organizations, does not possess any staff to assist in developing a presentation, let alone one with lots of graphs. Our strength is talking with seniors. We were notified on September 21 of an invitation; on September 22, you said we had to confirm to attend. With such short notice, it would be impossible for others to meet such deadlines. Of course there is the Internet, which the majority of seniors do not possess or operate.

As a youngster—a while ago—home delivery was to our parents' home, and more than likely by a veteran. Now, as a senior and as a seniors' representative, daily home delivery is still regarded as a service to be enjoyed and continued.

• (1120)

Our 43rd annual convention will be held in 2017, and the topic of home delivery, no matter what happens, will be on the agenda.

Thank you.

The Chair: Thank you very much.

Thank you all for adhering to the timeline.

Our first seven-minute intervention will go to Mr. Whalen.

Mr. Nick Whalen: Thank you, Mr. Chair, and thank you all for coming today. It's great to hear such a diversity of views among the seniors organizations, people representing low-income housing, and from charities who are users of the service.

As I said in my introductory remarks earlier today, which you might not have heard, during the election last year we made a commitment to put a moratorium on the implementation of community mailboxes and to hold nationwide consultations to learn from Canadians what they see as the future of their postal services. For the first part of that consultation, Minister Foote put out a task force that provided an interesting report examining the financial self-sustainability of Canada Post. The task force determined that CPC was not financially self-sustainable. There is some question as to the nature of the report, but that was their finding. We don't feel constrained by that and we're happy to hear your perspective so that we can entertain all possible views.

One of the interesting things, Mr. Kozloski, that you talked about was your use of Canada Post as the primary driver for the fundraising campaign for your organization. When you talk about door-to-door delivery, Canada Post refers to five different types of delivery models, and I would like to know what you consider to be door-to-door. Is it in urban areas when it's delivered right to the door, in apartment buildings where it's delivered to a common mail room with boxes, at the end of a driveway in a rural area, at the post office in a rural area, or in these community mailboxes? Is there more than one of those you consider to be door-to-door delivery?

• (1125)

Dr. Thomas Kozloski: I would consider direct door to door, at the end of a driveway, in a community box, or inside a building like a condo or an apartment building all to be door-to-door delivery.

Mr. Nick Whalen: When we look at the Canada Post report, we see they don't. They try to lump together community mailboxes with the centralized point in a building.

When you do your direct mail campaigns, do you find a difference in uptake in those campaigns between apartment buildings, or what you consider to be door to door, versus what you consider to be community mailboxes?

Dr. Thomas Kozloski: I don't think we have any way to determine that, or where they're ending up. We're concerned that some have suggested that community mailboxes result in a slower or less productive response to these kinds of mailings, but I don't think we know if something is delivered to a door or to a community mailbox, for instance.

Mr. Nick Whalen: Have you done any analysis to establish where the addresses are that we know are going door to door?

Dr. Thomas Kozloski: No, we have not.

Mr. Nick Whalen: Okay.

Do you pay a differential rate when you have personalized mail that's delivered to community mailboxes versus directly to the door, or do you pay the same rate for this type of a product?

Dr. Thomas Kozloski: I apologize, but I don't know the answer to that question. I really don't.

Mr. Nick Whalen: Okay.

Do you find that it's cost-effective and it's worthwhile and important to your organization that this service be maintained?

Dr. Thomas Kozloski: That Canada Post continues to be a viable entity and accessible to all, whether it's through reasonable compromises with community mailboxes or direct home delivery or whatever, is very important to us. We want Canada Post to continue to be a viable, accessible public service.

Mr. Nick Whalen: Mr. Brigley, in addition to the payday loan types of banking services that you've talked about and that we've heard about from others, are there other types of banking services that ACORN would propose that Canada Post engage in?

Mr. Jonethan Brigley: Definitely. If Canada Post got into banking, one thing they could try to provide is a lower interest rate when it comes to specific bank accounts and things like that.

Nowadays, if a person wants to open up a bank account, one thing that hits them is that sometimes there are hidden fees or taxes on fees, depending how much you use the bank. There are also steadily increasing fees when you use at an ATM or go into the bank to withdraw money.

One thing postal banking could do is offer cheaper, more competitive rates for a community user to come in and use their ATM or a bank service.

Mr. Nick Whalen: You talked about 20% as being an appropriate interest rate. When I look at some credit cards, they charge more than that, and I see payday loans as being at the highest end of risky loans for the retail market. I wouldn't want those types of rates to be less than another type of available product that low-income people have access to, because it's the highest-risk loan.

Does your organization promote a particular rate you have used? Do you have views on what the maximum rates should be for other credit cards and whatnot?

Mr. Jonethan Brigley: From what I've been hearing, as you said, payday loans do have a very high interest rate of up to 572%. Of course, when I acquired my own Acura Visa, I had one that was on the market price, and it fluctuated up to 5%. It was insanely good, on my part, but that was a special. I've seen credit cards that have insane rates.

I would say that if a postal bank awarded a credit card, the interest rates should be more in the low competitive range, at least by a half of payday loans if not lower, due to the fact that payday loans are focused on mostly acquiring that interest rate back from people. They definitely think it's because they focus on the lower-income people that they can have high interest rates.

• (1130)

Mr. Nick Whalen: Okay. Thank you.

Ms. Corbin, maybe one of the few elements of testimony that the union and the corporation have agreed upon is that they don't view alternate-day delivery as an appropriate model, because they've already determined, within the organizational structure and the operational infrastructure on how the mail is delivered, that they only want mail delivered to your home when you have mail, and slightly fewer than one-half the homes would actually receive mail on any given day. The ability to deliver every day is important for other lines of business, such as the direct-mail marketing campaigns, the charities, and parcel delivery. As users, they might only see alternate-day delivery as the end effect, but the ability to deliver every day is important. That's been some of our testimony.

Knowing that, would that change your view on whether you feel that alternate-day delivery is important, or do you feel that adding an extra day on to the cost of mail to save \$74 million is an appropriate stance?

The Chair: Give a very brief answer, please. We're basically out of time now.

Ms. Anne Corbin: From my own personal experience, I get flyers every day. There might be some impracticality there, but surely there's a solution that would allow... I don't think people need flyers every day, or parcels. It seems that most people would accept every-other-day delivery, but it sounds from what you're saying that they won't.

The Chair: Thank you very much.

The next intervenor is Mr. McCauley. You have seven minutes.

Mr. Kelly McCauley: Thanks to everyone for joining us today.

I'm just going to bounce back and forth.

Mr. Kozloski, thanks for everything you're doing. It sounds like a wonderful program

Mr. Whalen stole one of my questions. I was wondering if you did have any feedback. Maybe if you're able to gather some and email it in later, it would be wonderful to see.

On the mail that you send out, I'm curious. Is it addressed mail or is it just a blank envelope?

Dr. Thomas Kozloski: We use a third party to do that, and I'm not sure exactly how that's connected. Again, we rely heavily on mass mailings through Canada Post.

Mr. Kelly McCauley: That leads me to my second question.

One of the things that we've heard in some of the polling that's been done is that Canadians appreciate Canada Post, but they do not want to see higher taxes to subsidize it and they don't want to see higher stamp prices. I know that was brought up.

How would it affect you if stamp prices were increased? I'm going to assume that you're not in favour—

Dr. Thomas Kozloski: I think that's a good assumption.

Mr. Kelly McCauley: —of financing that, or of a big bump in stamp prices to offset it.

Dr. Thomas Kozloski: As I mentioned, we really don't have anybody to pass that cost to. That would come out of our cost structure and it would decrease our ability to... Fundraising is difficult enough, and that would just take away from amounts that were fundraised and impact our ability to conduct our mission. Yes, that would be a concern of ours.

Mr. Kelly McCauley: Great. Thanks very much. Thank you, again, for everything you're doing.

Ms. Corbin, thanks for being here. I have a bit of a background in senior care as well, so I certainly appreciate what you and Mr. LaRusic are doing.

One of the things we did hear from Canpar for the last couple of weeks is access for seniors to the community mailboxes after there's been a change. A fair amount of my community already have community mailboxes, and they're just going to deal with it one way or the other.

Canada Post does have a system set up whereby they will deliver it to the mailbox, and then once a week collect it and deliver it to a senior's home or a disabled person's home or to someone with mobility issues.

Do you see a once-a-week delivery as acceptable?

Ms. Anne Corbin: No, because that's putting the onus on the senior or the disabled person to make a special request. It stigmatizes them further.

Mr. Kelly McCauley: The reason I ask is to get feedback like that. In a lot of our ridings, sometimes the entire area is already on community mailboxes, and we might have 5,000 to 10,000 seniors affected who are already doing it once a week.

Ms. Anne Corbin: Yes, and—

Mr. Kelly McCauley: Is it just not a foreseeable option at all?

Ms. Anne Corbin: I think it's a limited solution, and it would require people to identify themselves as needing that service. That puts another administrative problem in the way. There are many seniors who don't even know they can apply for GIS, and they're not applying, and they're not getting it. I think that same kind of issue would arise with that kind of system.

•(1135)

Mr. Kelly McCauley: Mr. LaRusic, I'll ask the same kind of question. What do you think of once a week? A lot are already doing that, but do you see that as a solution, again, as opposed to higher pricing, higher taxes, or the reduction in other services?

Mr. Bernie LaRusic: The difficulty that comes to mind is, of course, as Anne said, some of the administration difficulties. If you're waiting for certain mail, then how would they go and check it out and say, "Okay, whose box do I check out today?" I don't know how the administration of that would work, because the cheques that most seniors are waiting for are government cheques, and if we could get those delivered to the door, I think a lot of people would be much happier.

As you know, a lot of people who don't receive those government cheques are also watching mailboxes and know when they arrive, and if you're not there, they may help themselves to it. I think they spoke to the difficulty of those community mailboxes being a very good target for being broken into.

My first job was as a policeman way back in my youth, and giving people opportunities to steal is not good business.

Mr. Kelly McCauley: We have an issue in Edmonton right now of people dressing up as those flyer deliverers and taking mail as they go from one regular box to the next.

The question we're asking has come up about the people you represent, those with mobility issues. How are they doing other services that they need, such as getting groceries, getting pharmaceuticals, etc.?

Mr. Bernie LaRusic: The big thing is family, friends, and neighbours. You have to have them. Now you're impacting on them.

I'm up here. What's my wife going to do if there's an emergency? The car is here. We don't have two cars, so if I'm here and an emergency happens at home down in Sydney, somebody else has to step in to assist, and more of that happens to many seniors.

I get lots of calls to go and drive people or to go to the drugstore for them, and stuff like that.

Mr. Kelly McCauley: Is it generally the same, just in generalities? Is it family and friends? I'm not suggesting that we should add to that load. I'm just curious.

Ms. Anne Corbin: Yes, that would be adding to that, and one of the issues—

Mr. Kelly McCauley: I'm not suggesting. I was just—

Ms. Anne Corbin: —with community mailboxes is that it's difficult right now for people without cars, low-income people, and seniors to get to medical appointments even, and they rely on community volunteer programs or neighbours—

Mr. Kelly McCauley: Yes—

Ms. Anne Corbin: —so to actually get someone to drive to the community box to get their mail for them or to drive them to the community box is adding another burden on the volunteer sector.

The Chair: Thank you very much.

Next we have Mr. Duvall for seven minutes.

Mr. Bernie LaRusic: At 81 I look great, but don't come and hit me. I've got new knees and all that, so I'll look good in the box, but the thing is I'm still old, and old people have difficulties, no matter how good they look. The more difficulties they have, the more help they need, and it's just like poor people: they need more help.

The Chair: Mr. Duvall is next. You have seven minutes, please.

Mr. Scott Duvall: Thank you very much.

I appreciate everybody coming today and expressing your views.

Mr. Kozloski, you mentioned your concerns about the community mailboxes and people not using them enough to respond back to your organization. I think that's what I heard. You're also concerned about the possibility of an increase in the mail delivery charge.

I know an organization like yours gets bulk-mail rates, which is a little cheaper. My question would be, what would you prefer, an every-day service or a few cents more added to your budget?

Dr. Thomas Kozloski: That's a very good question.

Without any kind of study, I'd probably say that if we could reduce the cost a bit, that would be preferred, as long as we had not necessarily daily delivery, but delivery of the mail to people with mobility issues. I kind of buy into Anne's point that it's not necessarily required every day.

If charities and not-for-profits could somehow benefit by even more favourable rates than we already benefit from, that would be tremendously helpful to our operations.

• (1140)

Mr. Scott Duvall: Okay, but I don't think I heard an answer from you.

Dr. Thomas Kozloski: I'd rather go with a lower cost, I would imagine, as long as we can still deliver, not necessarily every day, but on some kind of regular basis.

Mr. Scott Duvall: Okay.

Ms. Corbin, you mentioned about the mobility challenges that a lot of your people are facing, and the vandalism and theft. There was a question here earlier about whether you get the family or friends to help out.

We find another big thing that's being used in the urban areas is DARTS. When people have to get accessible transportation at different times, they can only use a DARTS service, which is very, very costly to the municipality and takes up everybody's time.

Do you feel that a person with mobility issues should have to pay a fee to prove that they have a mobility problem to get the type of service that Canada Post is offering?

Ms. Anne Corbin: No, definitely not.

I'm not familiar with the DARTS service. I don't know what that means.

For example, if people have to apply to get a handicap card to put in their car window, I don't believe there is a fee for that. If there is, it's very small. I don't think there should be a fee, but I also don't think, in practicality, that would work very well. Older adults are very stoic. We will be less stoic about these things when the baby

boom, my generation, moves into being Bernie's age. Currently many people are very reluctant to ask for special favours, so I don't think that system will work very well.

Mr. Scott Duvall: Thank you for that.

DARTS, just to let you know, is the disability accessible rapid transit. It's another form.... They come to your door—

Ms. Anne Corbin: Oh, okay. We do have Access-A-Bus service.

Mr. Scott Duvall: —because you cannot get to the bus stop.

Mr. LaRusic, you made some good points on concerns from some of your seniors.

What I have found personally, as I was a city counsellor in Hamilton, is that when this was implemented, because of the plan that Canada Post had to save money, it was putting an additional cost on the municipal taxpayer. For example, now the person would have to walk two or three blocks, and there wasn't an accessible ramp for the person to get up to the mailbox. Parking was very limited, so people would park in front of the mailboxes. Then people would complain that they couldn't get access to them. Lighting was an issue. There would be an amount of garbage spread around the area that now the municipality would have to pick up.

Are you hearing those same type of complaints? Are the seniors willing to accept that type of cost?

Mr. Bernie LaRusic: No.

It's called downloading. As a senior, we're lucky we can stand up with the downloading that's coming towards us. When we talk about pensions, my pension doesn't go up, but everything else is going up. That's maybe the scheme of things, but I don't know about that.

If I'm planning on something, then Bernie pays for it. If you plan for something, you pay for it. If the government plans for something, they should pay for it and get it up. We all know it comes out of taxes. If you redesign the postal system and I have to go out there and wheel my wheelchair up there, you damn well better make it accessible to me so that I can get up there without any difficulty.

And make sure those locks work. I don't want to be up there with my arthritis trying to open a key and get it in there, only to find that I can't get it in there, or it's up too high. These are things that should have been thought of more in depth than they have been.

It's very, very annoying. That's a nice word. I'm a Cape Bretoner and I don't use too many nice words like that to describe the situation I see coming to the people that I represent across this province. It's disgraceful.

• (1145)

Mr. Scott Duvall: Just one more—

The Chair: Make it very short.

Mr. Scott Duvall: There's also a cost with the permit fees when you have the road allowance in the municipalities. Canada Post seems to want to avoid paying those costs, which has taken a lot of money away from the municipality. Do you feel that's fair? In avoiding those costs that are being downloaded, even though you're getting the service, they're not reducing the price. Now you have to pay a new cost for something that's not the municipality's fault, but that of Canada Post.

Mr. Bernie LaRusic: It would be the same answer. If you're downloading, you're downloading—and brother, if you want to put it in there, Canada Post is not losing money. In organizations, one part may be losing money but another part is making money. If all you look at is the one that's losing money and you decide to drop that one and keep going.... No, they should feed that one and get it straightened out and away they go. That's business. That's smart business.

The Chair: Thank you very much.

Panellists who are not fluently bilingual may want to put on headsets.

Our next intervenor will be Monsieur Ayoub,

[Translation]

You have seven minutes. Go ahead.

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

I'd like to start by thanking all of you for being with us today. It's wonderful to listen to you speak, since you clearly care about those you represent and your fellow community members. You have a job to do, but, much to your credit, you also volunteer many hours of your time. As a former city councillor and mayor, I fully understand the attachment you form with your fellow community members.

My first question has to do with consultation. I'd like you to confirm this, but my sense is that, a few years ago, you weren't at all consulted on the changes that were eventually made to Canada Post's services. If that is indeed the case and you weren't consulted, is this the first time you have been consulted since then, or have you taken part in other forms of consultation?

Perhaps Mr. Brigley could go first.

[English]

Mr. Jonethan Brigley: No, I have not been consulted on the matter myself, but I know that ACORN—as a group, and it is Canada-wide—has had members attend various postal banking events where there was consultation and review, so they have had the opportunity to be consulted on it and to review the matter.

Mr. Ramez Ayoub: Thank you.

Dr. Thomas Kozloski: No, I don't believe we were consulted directly, but I know that two years ago we submitted a written brief expressing our concerns about the proposed changes. I'm not sure in what context that was, but there was a letter submitted from our organization.

Mr. Ramez Ayoub: It is the same question to you, Madam Corbin.

Ms. Anne Corbin: Similarly, we discussed the issue of Canada Post through the Seniors' Advisory Council. In Nova Scotia, we have

a Seniors' Advisory Council to the provincial government, and through that we gave some opinions to the federal government. Our organization also sent a letter in March 2015 saying similar things to what I've read today.

One thing I should note about that letter, though, is it took an enormous amount of time to find the address of the head of Canada Post, at that time Deepak Chopra. It took me at least an hour to find an address. The only address I could find was something in New Brunswick.

Mr. Ramez Ayoub: It's the same question to you, Mr. LaRusic.

Mr. Bernie LaRusic: No, I don't recall being involved in it. I've been retired for 25 years. I was a union representative at that time and I was usually talking to most of the young government employees. What I was with would be close to CUPW. I don't recall having any of that.

[Translation]

Mr. Ramez Ayoub: Thank you.

If I understand correctly, then, any communication or information-sharing was on your initiative. But when I asked about consultation, I was referring to being invited to contribute and receive information, a much more accessible process than having to spend an hour looking for the right address to mail your letter to.

Turning to the seniors and retirees, I'd like to know how you define a senior, a retiree with a disability? Could you give me a quick definition just to help me better understand? Does the person have to be a certain age or have a specific physical condition?

• (1150)

[English]

Ms. Anne Corbin: Our organization goes with people 55-plus, but I think we generally accept that the official definition is 65-plus.

In terms of disabilities, there's such a range. For anyone who has to walk with a cane in the winter to a lockbox a few blocks away from their home, that's a huge impediment. It's not necessarily someone with a severe disability, although those people are even more disadvantaged.

I think there's too much of a range to describe it.

[Translation]

Mr. Ramez Ayoub: Thank you.

Mr. LaRusic, you may go ahead.

[English]

Mr. Bernie LaRusic: I'm the same as Anne. The thing I hear is it's looked upon as 65. We put on safe driving courses for seniors across the province. The province will give a rebate to any senior over 65 who takes the driving program. At 65, 55, and even 45, they are regarded as zoomers. From our perspective, we look at people 65 and over as seniors.

Disability is the same. As I said, you can look good, but, man, you can go down fast.

[Translation]

Mr. Ramez Ayoub: I'd like to move on to something else, but I very much see what you're getting at.

In the past, retirees have come to see me to discuss the issue of remaining in their homes. They weren't interested in moving to a retirement home, apartment, or residence. They wanted to stay in their homes. They didn't want to lose their independence, their privacy, or their freedom. The risk, though, is that they can end up isolated.

Can letter carriers help bring seniors out of their isolation, or can that be achieved in other ways, besides through interactions with the letter carrier once a day or every couple of days? What are your thoughts on that?

[English]

The Chair: Unfortunately, we don't have much more than about 30 seconds, Ms. Corbin.

Ms. Anne Corbin: I think one of the ways that will break isolation is if someone comes to deliver your mail. I know my neighbour across the street had a great relationship with her postal worker and would have a short chat with him as he came to the door, and that really helped her sense of isolation. It's one of the ways. It's certainly not the only way.

The Chair: Thank you very much.

Mr. Bernie LaRusic: Agreed.

The Chair: We're going into our final two intervenors for five minutes each. First up we have Mr. Kmiec.

Mr. Tom Kmiec: Thank you all for coming today.

I only have five minutes and I'm going to try to ask you to please keep your responses short. I have a bunch of questions I've been mulling over here.

I'll start by saying that I'm glad to hear that at least half of you and your organizations were able to participate in the previous Canada Post consultations and were informed on how their business processes were going.

Maybe what I'll start with mentioning is something that Ms. Ratansi mentioned before on postal banking. I'll start with Mr. Brigley.

Using the Indian example to capitalize the bank, it took half a billion dollars put in by the Government of India just to capitalize the bank. What we're trying to do here, or what we're supposed to look at, is the long-term sustainability of Canada Post, and we have a shortfall of \$700 million by 2026. How will we resolve that? To capitalize the bank in order for it to be able to take deposits and make out loans, they need a float. How would we make that work, on top of all that I mentioned before to the previous intervenors who came here, with the problem of training, setting up the logistics, and setting up the software systems? We're trying to ensure long-term sustainability, but it sounds as though this would be a large investment into Canada Post that may not bear the return that we need.

•(1155)

Mr. Jonethan Brigley: I think one thing that can help bring back the revenue is that, of course, in a lot of the rural areas you do see post offices that basically have been put down to almost nothing except for just a building there, which could be easily used for the postal bank. That would be saving money on the actual building of a bank just for Canada Post.

As for training and software, I'm pretty sure there are a lot of local communities that have a lot of high-tech guys whose main focus is on computers and software and who work in low-income areas and rural areas. I have met quite a few of them in my travels. They could easily be trained to help Canada Post workers learn the basics of how to work the software and training. Whatever the set interest rate is, people would come to the banks to use them.

If I remember correctly, I know when I was a kid I didn't see this, but it was pointed out by many people who were a few years older than I was that there used to be some kind of banking already, back in the day.

Mr. Tom Kmiec: That was back when I was 16 years old.

Mr. Jonethan Brigley: About 20 or 30 years ago, you could do some basic forms of banking already at the post office. Some people had that knowledge of doing basic chequing, or doing stamps, or even sending money overseas—

Mr. Tom Kmiec: I'm sorry to interrupt you, but I want to ask Mr. Kozloski a question.

Direct mail business is really tough to do. I used to sit on the board of the Kidney Foundation of Canada, southern Alberta chapter, so I get your business line, it's really hard to be in there. Obviously you're very price conscious, price sensitive, to any changes to stamp costs, and we're hearing from seniors' organizations that they want door-to-door delivery as well, so where can we find savings?

One thing I'm looking at here from previous transcripts is the potential for amending the moratorium. Right now there's a 20-year-old moratorium on the closure of franchising rural post offices. What used to be "rural" now includes places like Brampton, Saskatoon, and Halifax. Would that be a place, in keeping these corporate offices, to potentially franchise them? They would move to a Shoppers Drug Mart or a Sobeys. There would be some cost savings that could be achieved.

Would that be an acceptable solution? The service you receive is pretty much the same, but how Canada Post delivers it to you, to business, would be a little bit different. Would that be acceptable?

Dr. Thomas Kozloski: I'm not sure I completely understand. It's moving post offices to where?

Mr. Tom Kmiec: A corporate office, the building and everything in it, is owned by Canada Post. They would just move it into a little kiosk with staff at the back.

Dr. Thomas Kozloski: I've lived in Canada for 13 years. That's the model I am most familiar with. I go to Shoppers for my postal delivery, to pick up packages and things like that. I think that's a very acceptable way to deliver postal services.

Ms. Anne Corbin: Can I respond to that from the point of view of rural communities? And I mean real rural communities, villages, that have lost their schools, have lost their gas stations.

Some of them do have franchises. I have a home in Port Medway, Nova Scotia. We have a wonderful store where our mail is delivered. However, when those rural stores fail because of the big-box move and everyone drives to the city to get their groceries, then we'd be going to a community box. I think that's a very precarious solution.

I would support the very rural areas keeping their post offices, because when you go to a retail outlet, that retail outlet is not secure.

The Chair: Thank you very much.

Our final intervention comes from Madame Ratansi. You have five minutes, please.

Ms. Yasmin Ratansi: Thank you very much. I have a couple of questions, and I will go fast.

In terms of ACORN, what are the banking needs of your community?

Mr. Jonethan Brigley: To my knowledge, I know that for ACORN itself, it's main banking. It mostly does a lot of banking through donations that we put into banks, and—

Ms. Yasmin Ratansi: No, what is your community? You deal with low-end—

Mr. Jonethan Brigley: Yes. We deal with low- to moderate-income families—

Ms. Yasmin Ratansi: What are their needs? Do they go out looking for mortgages? Do they go out needing retail banking as such?

Mr. Jonethan Brigley: A lot mostly just need basic banking that's affordable and cheaper than what is currently provided in banking today.

Ms. Yasmin Ratansi: There is a concept like a Kiwibank, which the aboriginal communities use. We do not need an intricate set-up to get into rural communities. Your requirement, really, is a simple retail banking, which could be done by.... Canada Post had an e-post banking, an Internet e-post system. It has the bricks and mortar. Something like that would satisfy your needs.

• (1200)

Mr. Jonethan Brigley: Yes.

Ms. Yasmin Ratansi: Thank you.

Mr. Kozloski, in terms of Canada Post's being a business and a service, do you believe that Canada Post provides excellent service to you as a not-for-profit organization?

Dr. Thomas Kozloski: Yes. So far, prior to any significant change or anything dramatic, I think we receive very good service from Canada Post. I view Canada Post as a necessary service and not necessarily just a business.

Ms. Yasmin Ratansi: In your organization, would a daily mail delivery versus alternate delivery versus once in three days impact your business?

Dr. Thomas Kozloski: I think that periodic delivery would be fine. I think that's a better solution than community mailboxes in rural areas, so I would say temporary delivery there, or—

Ms. Yasmin Ratansi: In terms of seniors, you talked about seniors' security and you said that independent living requires that seniors be able to access their own mail. Are the community mailboxes posing that much of a danger to them? Have you heard feedback from them?

Ms. Anne Corbin: We've only heard anecdotal evidence.

Ms. Yasmin Ratansi: Okay.

Ms. Anne Corbin: But it just stands to reason that if you have to walk two kilometres, a kilometre, to get your mail, you're at more risk of falling, especially in winter. You're at more risk of injury from a car.

Ms. Yasmin Ratansi: Okay. Fair enough.

When we are doing these reviews and consultations, if we could get some data that would justify whatever you're saying, whether it's theft, etc., that helps us build a case. Otherwise, we are left swinging in the wind.

Mr. LaRusic, is it your assertion that Canada Post is not correctly reflecting its financial position?

Mr. Bernie LaRusic: Correct.

Ms. Yasmin Ratansi: Why is that?

Mr. Bernie LaRusic: Because the numbers show it.

Ms. Yasmin Ratansi: I'm looking at the numbers, and you see the profit and loss statement, and there are the assets and liabilities. They are projecting that with their liabilities, they will not be able to sustain themselves. They say in 2026 they may—they may—go into a \$700 million debt.

Mr. Bernie LaRusic: I have great difficulty with somebody making all kinds of projections, and I'm not the only one. The difficulty is that other people will look at the same numbers, the same information, and come out with obvious questions that lead it in a different direction, and that's what I was saying earlier. If I'm in charge, then I want it my way. If you're in charge, you want it your way. I always my leave my wife in charge so I don't have an argument.

That said, whoever brings something in, somebody else should have a very good head. That's why we have the loyal opposition in government doing that due diligence.

Ms. Yasmin Ratansi: Ernst & Young has done—

The Chair: Thank you very much.

Ladies and gentlemen, thank you so much for your attendance here today. Your perspectives and your observations have been invaluable to this committee. I would suggest that if you have any additional information that you wish to bring to the attention of our committee, you direct it to our clerk, and we'll ensure that it gets distributed to all of our committee members.

Thank you again. I appreciate your attendance.

The meeting is adjourned.

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