

**PRESENTATION TO STANDING COMMITTEE ON
GOVERNMENT OPERATIONS AND ESTIMATES**

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On behalf of the Canadian Union of Postal Workers, I want to thank you for the opportunity to appear before the Standing Committee on Government Operations and Estimates.

CUPW represents 54,000 workers in large and small communities from coast to coast to coast. A majority of our members work for Canada Post.

I think it is fair to say that this union knows, better than most, what it takes to make Canada Post work. CUPW has a well-developed, real world understanding of this public institution. We know its history, its strengths and its weaknesses.

I will start with its strengths, and then talk about some of the weaknesses we see in the system and some of the concerns we have for the future, based on our experience and our history.

We truly believe that Canada Post's strengths lie in its mandate.

The corporation is mandated by law to provide basic customary postal service while improving service, operating on a financially self-sustaining basis and balancing its objectives with the needs of its employees, most of them CUPW members.

The act outlining this mandate, the *Canada Post Corporation Act*, was *unanimously* adopted by Parliament in 1981. This legislation was the product of over two years of extensive consultation between parliamentarians, business groups and postal unions. It was an agreement that was carefully crafted to balance diverse needs, and it is an agreement that, we believe, still works for the public, for our communities and for

businesses, both large and small. There is no groundswell of opposition to the current mandate.

Nevertheless, we have seen signs that Canada Post has unilaterally decided, or has been instructed by the government -we do not know - to ignore its legislative mandate to provide *public* postal service, break-even and improve labour relations.

Before proceeding, I would like to say that I do not intend to single out Ms. Greene, in my remarks to come, as being solely responsible for ignoring Canada Post's legal mandate. She is the figure head at Canada Post and the corporation's spokesperson. I think it goes without saying that the government is primarily responsible for ensuring that Canada Post lives up to its legislative mandate to provide *public* postal service, break-even and improve labour relations.

To be frank, labour relations seem to have taken a back seat at Canada Post after a long period of decent labour-management relations, at least at the national level. We've had almost a decade of labour peace. We've worked hard at developing solutions to problems through negotiations and pilot projects. But lately, the corporation seems to be much more confrontational and a lot less interested in working with the union to develop solutions to the problems at our public post office. Canada Post President Moya Greene has called CUPW a special interest group. The corporation has publicly accused us of featherbedding and fear mongering. All this, because we have raised concerns about post office and plant closures. We have not heard this kind of language from Canada Post since the mid-eighties, when former President Don Lander tried to savagely cut jobs and service at Canada Post, including thousands of post offices.

The corporation is not interested in operating the post office on a financially self-sustaining basis either. Ms Greene doesn't think the corporation makes enough money, even though it has had eleven consecutive years of profit. It made \$199 million this year alone. The President of Canada Post actually told one parliamentary committee that she thinks the corporation is "withering." Last year, Canada Post delivered a record volume

of mail to a record number of households. It made \$199 million. I don't think you can say the corporation is withering.

Last but not least, Ms. Greene seems to think public postal service is a thing of the past and not something she has to pay attention to. She is fond of saying that Canada Post is a commercial enterprise and that she has a business mandate. But Canada Post is not a commercial enterprise. It is a Crown corporation.

Crown corporations like Canada Post have both public and commercial activities. But they are distinct from commercial enterprises in that they are designed to serve the public interest, not simply maximise profit.

Crown corporations like Canada Post do not have business mandates. But this is exactly what Moya Greene says she has, and it is this steadfast adherence to a business mandate that threatens to undermine our public postal system.

Quebec City and Network Review

For example, Moya Greene has justified closing the Quebec City mail processing plant on the grounds that it is a good business decision. She says workers will not be harmed and service will not suffer. No one really believes this. The people of Quebec City, businesses in Quebec, municipalities from coast to coast and many members of parliament, have expressed their concerns about this closure and others. But Ms. Greene does not see why she should have to take these views into consideration.

I would argue that the government, or shareholder, if you prefer, needs to develop a democratic and uniform process for making these kinds of decisions, in consultation with the public, postal workers and major stakeholders.

We understand that the government is only responsible for "providing broad policy direction" to Crown corporations and that it is not to become involved in day-to-day operations. But we think the responsibility to provide broad policy direction obliges the government to deal with fundamental issues such as the integrity of our public postal network.

National Network Review

This network *is* at risk. In July 2005, Canada Post announced it would be reviewing the national postal network, including all mechanized processing plants, and that the Quebec City mail processing plant would be the first facility to be reviewed. The corporation announced its plans to close the plant three weeks later.

Canada Post has refused to release information relating to this review. It claims that it does not have a plan and that it simply looks at facilities on a case-by-case basis.

No matter what the corporation does, we need a better process for making changes to the network, which involves the public, the people who built and paid for our public post office.

Moratorium

We need a better process for the moratorium on closures as well.

First, let me say I was happy to hear Minister Lawrence Cannon say his government is taking a "status quo" approach to the moratorium at the Transport Committee last week. This is good news, although we would like the Minister to extend the moratorium to urban closures and work with us and others on a better process for making changes to the network.

The current process is *not* working. Canada Post is closing rural post offices in spite of the moratorium and in spite of opposition to closures.

Publicly, the corporation says it consults with "local officials" to see what can be done to avoid a closure. Not the public. Not postal workers. Not municipalities. Just "local officials." This leaves way too many people out of the discussion.

Public institutions need public input. CUPW believes that this fundamental flaw needs to be fixed. And we hope it *will* be fixed, perhaps as part to the review that the government is conducting in connection with the financial and policy framework it uses for Canada Post.

Policy framework

To date, this review has been conducted in secret. The previous federal government started the review. It is our understanding that there is a report and that the Conservative government will decide whether or not to alter the current financial and policy framework. This framework.

- provides the basis for raising the price of a standard stamp,
- sets targets for service standards, return on equity and dividend policy,
- and includes the moratorium on closures.

Changes to the policy framework could undermine universal, public postal service as we know it. Or improve it.

We know from highly censored documents we recently received through access to information that Canada Post and the government are discussing what is and what is not considered to be part of the post office's universal service obligation *and that the government may conduct a mandate review.*

This sets off some alarm bells for us. The last mandate review questioned the very nature of our universal, public postal system as well as the post office's right to engage in commercial activities. For example, it asked:

- Should services be modified, added to or relinquished?
- Should the corporation generate a commercial return on equity?
- Should it aim to operate on a break-even basis?
- Should the exclusive privilege of the corporation be adjusted or discontinued?

We are especially concerned because the last mandate review was announced just a few months after a coalition of Canada Post's competitors called for a review to look at whether the post office should be allowed to compete with the private sector.

We have a similar situation brewing at the moment. Earlier this year, the Canadian International Mail Association called for a parliamentary review of the exclusive privilege. And just last month, John McKay, Liberal member of Parliament for Scarborough-Guildwood attacked the exclusive privilege in the House of Commons on behalf of remailers who are unhappy that the exclusive privilege includes international mail. Minister Lawrence Cannon has promised to look into this issue and advise the House as to what the government intends to do in the coming days.

We are concerned that Minister Cannon is investigating this issue *and* conducting a policy framework review, without our input, and that he may even be looking at conducting a mandate review, without our input.

We want more information on what is going on, *and input*. There needs to be much more transparency and accountability at Canada Post, and we think it needs to come from both the corporation and the government.

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

