



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# **THE WAY FORWARD FOR CANADA POST**

## **Report of the Standing Committee on Government Operations and Estimates**

**Tom Lukiwski  
Chair**

**DECEMBER 2016**

**42<sup>nd</sup> PARLIAMENT, 1<sup>st</sup> SESSION**

## 5. CONCLUSION

Canada Post is an essential public service that Canadians across the country rely on to communicate with each other and with various levels of government. The Committee believes that, by implementing the recommendations outlined in this report, Canada Post will be able to better meet the needs and expectations of Canadians by providing quality services while ensuring the Corporation is financially self-sufficient over the long term.

In the Committee's opinion, Canada Post's priority must continue to be providing quality mail and parcel delivery services at affordable prices. To accomplish this, the Corporation should focus on the following five themes:

- Align the interests of management and Labour;
- Update the *Canadian Postal Service Charter* to meet the demands of the 21<sup>st</sup> century;
- Modernize Canada Post's defined benefit pension plan;
- Focus on excellence on its core competencies and generate additional revenue in the digital markets; and,
- Continue the moratorium on community mailbox conversion and reinstate home mail delivery services.

Canada Post is important to Canadians. The Committee is of the opinion that it is essential for Canada Post to maintain good communication with its employees, clients and stakeholders. In addition, the Corporation should focus its activities and decisions on maintaining reliable service, on mail security, on infrastructure safety and on its unique, well-established communication infrastructure that extends across Canada. Furthermore, Canadians' needs are affected by where they live, how old they are, their state of health, their mobility, and their ties to Canada Post. As a result, Canada Post cannot use a one-size-fits-all approach; it must adapt its services to the specific needs of its clients, offering solutions tailored to rural communities and businesses, as well as seniors and people with disabilities or reduced mobility. The Corporation's success depends on its employees, as they are its most valuable resource.

With regard to the current service model, the many witnesses who appeared as part of this study made it clear that delivering mail to community mailboxes was not acceptable to everyone, and that certain changes will have to be made due to the various issues associated with the community mailbox conversion plan. In addition, given its well-established infrastructure, Canada Post is in a position to build on and profit from providing parcel delivery services to meet the increased demand. The Committee believes that the current five-day-a-week delivery schedule should be maintained, because cutting delivery frequency could accelerate the decline of mail volume. Furthermore, service standards must be maintained and must be taken into consideration when the Corporation consolidates its processing activities, and postage rates should increase based on the rate

of inflation. Moreover, the Committee believes that the 1994 moratorium on closing rural post offices should be updated to reflect demographic changes, and that it would be beneficial to make the best use of the Corporation's real property holdings, such as its post offices.

Lastly, with regards to the Corporation's challenges and opportunities, the Committee believes that Canada Post must find ways to increase its revenues without jeopardizing its core business by exploring private-sector partnerships, as well as focus its activities on its areas of expertise, explore the possibility of converting some post offices into community hubs, and consider the possibility of providing broadband Internet services and cellular services.

## **LIST OF RECOMMENDATIONS**

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### **RECOMMENDATION 1**

Canada Post be maintained as a universal public service for all Canadians and conduct its operations on a self-sustaining financial basis while ensuring that profits generated are reinvested within the Corporation..... 66

### **RECOMMENDATION 2**

Canada Post prioritize and concentrate efforts in protecting its core mandate to provide high-quality, affordable letter and parcel delivery services to all Canadians in an innovative manner befitting the 21<sup>st</sup> century. .... 66

### **RECOMMENDATION 3**

The Minister of Public Services and Procurement consider broadening the mandate of Canada Post to include delivering critical digital communications infrastructure to rural Canadians..... 66

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The *Canadian Postal Service Charter* be reviewed by the Minister of Public Service and Procurement to ensure that it is relevant for the 21<sup>st</sup> century and onwards. .... 68

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The review of the *Canadian Postal Service Charter* by the Minister of Public Services and Procurement include a Gender-based analysis Plus..... 68

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The Minister of Public Services and Procurement investigate options for greater oversight of Canada Post, to ensure transparency, accountability and good governance through the establishment of a regulator..... 70

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Canada Post examine better synergy with Purolator, SCI Group and Innovapost for augmenting revenue and efficiencies..... 72

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To ensure better relations between the Corporation and its employees, Canada Post use arbitration and mediation processes effectively to enhance renewed co-operation and trust between Labour and management and provide a venue for discussion of creative ideas from employees. .... 75

## **RECOMMENDATION 9**

Canada Post appoint a labour representative to the Canada Post Board and that they meet regularly. .... 75

## **RECOMMENDATION 10**

The Minister of Public Services and Procurement establish a tripartite advisory council composed of the federal government, the various unions representing Canada Post employees and Canada Post Corporation for the expansion and implementation of new service offerings at the Corporation. The council's goal would be to develop a more proactive, collaborative relationship between employees and management, anchored by specific governance reforms that formalize this partnership. .... 75

## **RECOMMENDATION 11**

Canada Post develop a defined and rigorous collaborative process with municipalities, respecting their fundamental jurisdiction over land use and planning, in order to reach agreements with them, and avoid litigation, regarding conditions for the installation of equipment as it is already the case in the telecommunications sector. .... 77

## **RECOMMENDATION 12**

The federal government create a formal, transparent and accountable, consultation process to ensure stakeholder engagement is significant and undertaken regularly in accordance with the *Canadian Postal Service Charter*. .... 77

### **RECOMMENDATION 13**

Canada Post and the federal government take steps to modernize Canada Post's defined benefit pension plan so that it can operate on a going-concern basis and no longer be subject to solvency funding requirements, including examining the feasibility of the following options:

- Adopting a shared-risk model between the employer and plan members;
- Pursuing joint management between the employer and plan members; and,
- Incorporating the Canada Post defined benefit pension plan into the Public Service Pension Plan. .... 80

### **RECOMMENDATION 14**

Canada Post maintain its focus on excellence in service in its core competencies in meeting the *Canadian Postal Service Charter* standards and explore additional venues of revenue within those competencies, e.g. e-commerce. .... 82

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Canada Post continue investing in the growth of its parcel/e-commerce services, which provide needed infrastructure for Canadian businesses. .... 83

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Canada Post look to other industry leaders that have successfully adopted innovative service models, to develop a more innovative growth agenda to expand its services, without marginalizing rural and remote areas. .... 83

### **RECOMMENDATION 17**

Canada Post consult with stakeholders on placement and accessibility of the community mailboxes as well as door-to-door delivery to meet the needs of seniors and people with disabilities and reduced mobility. .... 84

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Canada Post communicate options available to seniors and people with disabilities and reduced mobility. .... 84

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Canada Post focus on expanding services to the small- and medium-sized enterprises and provide excellence in service so that businesses have confidence in Canada Post's service delivery model..... 85

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Canada Post review the impact on efficiency of delivery before implementing strategies, e.g. local processing versus centralized processing. .... 85

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Canada Post provide training on different aspects of business to its employees as the Corporation moves into newer areas..... 86

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Canada Post align the interests of employees with those of the Corporation by including labour representatives at the design stage of any change management project and not simply at the implementation stage..... 86

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Canada Post continue the moratorium on community mailboxes conversion, and develop a plan to re-instate door-to-door delivery for communities that were converted after 3 August 2015..... 90

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Canada Post consider greening its operation through addition of recycling containers and garbage containers at community mailboxes..... 90

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Canada Post continue to focus on growing its share of the parcel market through new and innovative services to meet market and customer expectations. .... 92

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Canada Post work with businesses to ensure that it maintains a level of service commensurate with business and Canadian needs when looking at frequency of delivery..... 94

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Canada Post look at ways to make its processing more efficient, while maintaining its delivery standards, especially in rural areas, where depot rationalization may have negatively impacted service standards. .... 95

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Canada Post be transparent about the service-level impact of processing plan rationalization on different communities. .... 95

#### **RECOMMENDATION 29**

Canada Post examine ways to provide more services and meet service level commitments in all types of communities using its existing retail network..... 95

#### **RECOMMENDATION 30**

Canada Post be permitted to raise postal rates based on the rate of inflation, while maintaining a single price for lettermail delivery across Canada. .... 97

#### **RECOMMENDATION 31**

Canada Post work at being competitive in the parcel delivery area and utilize its distribution network and last mile delivery services to its advantage, when working with its competitors, e.g. UPS, FedEx, DHL, etc. .... 97

#### **RECOMMENDATION 32**

Canada Post work with Global Affairs Canada officials to ensure either:

- that international postal rates from other countries reflect the true delivery cost; or
- that Global Affairs Canada compensate Canada Post for the cost of delivering mail at a lower cost, which is offered to other countries as a form of development assistance. .... 99

#### **RECOMMENDATION 33**

Canada Post undertake a demographic analysis to ensure rural areas are truly protected and reflected in the moratorium on the closure of rural post offices. .... 100



#### **RECOMMENDATION 34**

Canada Post examine ways to increase the hours of operations in rural post offices, and perform more regional sortation of mail and packages so that rural customers can access their local market easily. .... 100

#### **RECOMMENDATION 35**

Canada Post develop synergistic partnerships for increasing revenue at each location and optimize usage of its real estate in areas where there are multiple post offices. .... 102

#### **RECOMMENDATION 36**

Canada Post preserve its post offices, along with the associated moratorium on the closure of rural post offices, even in areas where there are franchise postal outlets. .... 102

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Canada Post focus on investing in growth in parcel services, e-commerce and exploring partnerships to remain competitive, without sacrificing its core business. .... 104

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Canada Post explore location-specific opportunities for post offices to act as community hubs and respond to the local needs of its surrounding community. .... 109

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Canada Post leverage its reputation and extensive network to identify customized solutions that its post offices can offer as community hubs. .... 109

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Canada Post explore partnering with government departments and agencies at all levels, to provide services and enhance the use of post offices as economic hubs. .... 109

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**Canada Post pilot the community hub model for franchise postal outlets in a representative sample of urban, suburban, rural and remote rural post offices, operating on both a corporate and franchised service model, with a view to increasing profitability. .... 109**

**RECOMMENDATION 43**

**The federal government examine, with the Minister of Innovation, Science and Economic Development Canada and the Canadian Radio-television and Telecommunications Commission, the possible delivery of broadband Internet and improved cellular service to rural Canada using Canada Post real estate to house servers and offer retail services to customers. .... 110**

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**RECOMMENDATION 45**

**Canada Post explore the possibility of partnering with e-commerce companies to expand the footprint and synergize services that add value and revenue. .... 112**