
SUBMISSION TO THE *COMMISSION SUR LE DÉVELOPPEMENT SOCIAL ET LA DIVERSITÉ MONTRÉLAISE*

SUBJECT: IMPACT OF CANADA POST'S DECISION TO ELIMINATE HOME MAIL DELIVERY IN URBAN AREAS FOR THE POPULATION OF MONTRÉAL

BY THE NATIONAL OFFICE OF THE CANADIAN UNION OF POSTAL WORKERS

JANUARY 20, 2015

The Canadian Union of Postal Workers welcomes the opportunity to provide our perspective on the proposal of Canada Post Corporation to convert home mail delivery to community mailboxes delivery. We wish to congratulate the city of Montreal for initiating this public and transparent process. This is exactly the type of open and inclusive consultation process that CUPW has been campaigning for during the past year.

The Canadian Union of Postal Workers strongly opposes the decision of Canada Post management to convert home mail delivery to community mailboxes for several reasons.

- It is unnecessary and was based on incorrect information and a faulty analysis.
- Canada Post Corporation is not experiencing the financial difficulties that would justify such a drastic service reduction.
- The decision is opposed by the majority of the public, who collectively are the owners of the post office.
- Community mailbox delivery will cause genuine hardship to a significant part of the population.
- Community Mailboxes are subject to more theft.
- Residents experience problems with noise, litter and reduced home values.
- Municipalities will be responsible for incurring additional financial costs.
- Good unionized jobs will unnecessarily be eliminated.
- There are positive alternatives that should be pursued by Canada Post.
- Massive changes to our public postal system should not occur without a public review. The government was supposed to conduct a review of the *Canadian Postal Service Charter* in 2014 but did not.

COMMUNITY MAILBOX DELIVERY: A SOLUTION IN SEARCH OF A PROBLEM

On December 11, 2013 Canada Post announced the adoption of a Five Point Plan designed to reduce costs by approximately \$1Billion per year by 2020. In addition to the elimination of door to door delivery the Plan included price increases, greater privatization of post offices, the introduction of new work methods and reductions in employee compensation costs. When CPC announced this plan it stated that *“the implementation of this plan means Canada Post can return to financial sustainability by 2019.”* This was a curious thing to say given that CPC had reported profits of \$94 million for the previous year.

The basic justification for these dramatic actions was a projection provided by the Conference Board of Canada that Canada Post would lose approximately \$1 Billion per year by 2020. This projection was included in a paper entitled The Future of postal service in Canada. This paper, which was published in April 2013 was entirely paid for by Canada Post Corporation.

From the very beginning the Canada Post Five Point Plan has been justified on the basis of misinformation. Almost everything that we have been told about this plan, whether it be the financial projections used to justify it, or the description of the impact it will have on people, has been a distortion of reality or completely untrue.

CONFERENCE BOARD REPORT: INCORRECT PROJECTIONS, BIAS AND REFUSAL TO EXAMINE ALTERNATIVES

The Conference Board report, was, and continues to be relied upon by Canada post to justify the cutbacks. The press release announcing the CPC Five point Plan stated: “The Conference Board of Canada study projected a financial loss of close to \$1 billion by 2020 unless Canada Post makes fundamental changes to its business”. The Five Point Plan document states: “The Conference Board of Canada projected that Canada Post could lose roughly \$1 billion a year by 2020.”

The Conference Board arrived at the \$1 Billion calculation by assuming Canada Post would incur financial losses beginning in 2012. For the year 2012 they predicted a net loss from operations of \$250 million. For 2013 they predicted a loss of \$300 million and for 2014 a loss of \$400 million. Altogether the Conference Board projected a cumulative loss of \$950 million for the first three years. But how did CPC really do? In 2012 CPC reported a net profit of \$94 million and a profit from operations of \$131 million. In 2013 the Corporation reported a net loss of \$29 million and a loss from operations of \$193 million. It should be noted that the 2013 results were heavily influenced by Canada Post applying new and revised International Financial Reporting Standards. Without the amendments to IAS 19 Canada Post would have reported very significant profits. In the first 9 months of 2014 CPC has already reported a net profit of

\$61 million and a profit from operations of \$100 million. It should be noted that the final quarter of the year is usually the most profitable for Canada Post and therefore we can expect that the profits for the entire year 2014 will be even greater than that reported for the first nine months.

Contrary to the Conference Board projection of a loss of \$950 million for the years 2012-2014 the reality is that Canada Post has reported profits.

In addition to its faulty financial projections there are other reasons to question the wisdom of taking any decision based on the Conference Board report. The report also contains errors with respect to volume projections. The report estimated a drop in lettermail volumes of 9.5% for the fourth quarter of 2012. The actual reduction in volumes was almost half of this prediction. The report also significantly underestimated the increase in parcel volumes actually experienced by Canada Post.

There are also reasons to question the impartiality of the report. First, as previously mentioned, the report was bought and paid for by Canada Post Corporation. Canada Post President Deepak Chopra is on the Board of Directors of the Conference Board of Canada. David Crapper, who was paid to organize the focus groups and conduct the residential and small business polling used in the report, has worked on many Conservative campaigns and advised the Party on polling data during the 2006 election. He, and his wife, who played a key role in the Harper's transition team, were named by the Globe and Mail as a Conservative "Power Couple". Also, one of the external reviewers of the report was Michael Trebilcock, author of the 2007 C.D. Howe Report, which advocated privatization of Canada Post.

Finally, perhaps the most damning problem with the Conference Board report is what it does not address. The report does note that other postal administrations are responding to reduced letter volumes by expanding into financial services and banking. It states; *"For international postal operators, the primary new business line being entered is financial services"*. It then goes on to cite the fact that postal administrations in countries such as Switzerland, the UK, Italy, New Zealand, Germany and Japan are expanding financial services as a means of responding to reduced letter volumes. However it does not examine the feasibility of these options for CPC because it claims Canada has a highly-developed financial sector.

CANADA POST FINANCIAL PROJECTIONS AND STATEMENTS

When considering the financial situation of Canada Post it is very important to consider the lack of consistency and credibility of its previous financial statements. There is a consistent pattern of Canada Post management to project the most negative image possible about the financial prospects for the Corporation.

CPC NET PROFIT VS CPC PLAN (\$MILLIONS)

YEAR	NET PROFIT (LOSS)	CPC PLAN
2009	281	71
2010	439	48
2011	(188)	95
2012	94	20
2013	(29)	(256)
2014	61*	(206)*

*Net Profit is for first nine months and CPC Plan is for entire year

Source: Canada Post Annual Reports, 2014 Q3 Report and 2014-2018 Canada Post Corporation Corporate Plan

With the exception of 2011, in each year Canada Post management greatly underestimated its financial results for the following year. For the years 2009, 2010, 2012 and 2013 CPC estimated that it would show total losses of \$117 million when in fact the Corporation reported total net profits for these four years of \$785 million.

CPC's performance in 2011 deserves to be examined as the entire loss of that year can be explained by two one-time events that in no way reflect the ongoing financial well-being of the Corporation. In May 2012, Canada Post released its 2011 Annual Report in which the corporation reported a net loss of \$188 million. This included a \$63 million pension adjustment attributed to past service costs, and one-time costs due to CPC losing a pay equity complaint before the Supreme Court of Canada. The Court's decision required the corporation to make retroactive payments to administrative staff for the period 1983-2002. The one-time cost of this payment was included in the third quarter labour costs. Although CPC refused to report the amount of money attributed to the equal pay decision, it was estimated to be in the range of \$170 – \$250 million. These two one-time events, coupled with the financial impact of the strike-lockout of that year, estimated to be \$58 million, more than accounts for the financial losses

incurred in 2011. There is no need to make future plans on the basis of these non-recurring events.

2014 CPC REPORTS SIGNIFICANT PROFITS

In the 2014-2018 Corporate Plan, Canada Post justified the conversion of home mail delivery to community mailboxes as being necessary to ensure a “return to profitability by 2019.” Conforming with its previous pattern of wildly exaggerating future losses Canada Post projected a net loss of \$206 million for the year 2014. Once again reality proved the Corporation to be grossly inaccurate. Instead of posting a loss Canada Post actually reported a net profit of \$61 million for the first three quarters of 2014. This was accomplished without the conversion of one single point of call to community mailbox delivery. The Corporation’s financial performance in the first three quarters also represented a huge turnaround from the financial loss of \$88 million experienced in the comparable period of 2013. Since the fourth quarter is always the most profitable period Canada Post management has now publicly acknowledged that it will report a profit for 2014. There is every indication that this will be a very significant profit, which will in no way be due to any conversions of residential delivery to community mailboxes.

Taken together, the proven inaccuracy of the Conference Board projections, the consistently overly negative financial estimates of Canada Post management, and the reality of very significant profits in 2014, there is no reason to assume that Canada Post Corporation is facing any imminent financial problems that would justify the hardship and additional costs that will result from the conversion of home mail delivery to community mailboxes. CMBs are a solution in search of a non-existent problem.

WIDESPREAD PUBLIC OPPOSITION

Not only is community mailbox delivery a solution in search of a problem, it is also not supported by the majority of the public. In a national public opinion poll conducted in December 2013 by Angus Reid fully 58% of respondents opposed the conversion to community mailboxes and 38% supported the move. In Quebec fully 68% opposed CMBs and only 31% supported them. Not surprisingly people who currently receive mail delivery to their door were the strongest advocates for keeping home delivery with 73% opposed to the move to CMBs. Interestingly fully 80% of respondents agreed with the statement that “losing home mail delivery will pose a real hardship for some people” and 71% stated they were worried about the loss of 6,000 to 8,000 jobs as a result of the cutbacks.

It is also worthy to note the preference of people who have experienced a service change from CMB to door-to-door delivery. In 2005, as part of a joint union-management pilot project

98 residences in Burlington had their delivery converted from community mailboxes to delivery to their door. When later surveyed, as part of the same union-management process, 83% responded that they preferred delivery to their door.

Opposition to this change is also very widespread from the municipal leadership of communities that will be affected. To date 423 municipalities have passed resolutions or sent letters in support of door-to-door delivery, or calling for a halt to delivery changes until there is proper consultation, or expressing opposition to Canada Post and Conservative plans for our public postal service.

Finally it should be noted that Canada Post's plan did not result from the public consultations that the corporation initiated as part of its public relations campaign. This campaign, which began immediately following the publication of the bogus Conference Board of Canada Report, involved meetings with selected groups in communities across Canada and a public consultation that was largely conducted via the CPC website. No public meetings were held. From April to October of 2013, Canada Post's website featured a "Future of Canada Post" page where members of the public were invited to answer the question: "What kind of postal service will you need in the future?" The corporation posted the Conference Board's report as background information and repeatedly highlighted its inaccurate conclusion that massive financial losses were a certainty if no action was taken. The public was also invited to mail in comments.

CUPW reviewed and analyzed all the comments on the "Future of Canada Post" webpage and found the following:

- Less than 20 percent of people called for cuts to services.
- Almost 3 in 10 people indicated that they didn't want cuts, or that they wanted the status quo.
- Over 45% of people who mentioned mail delivery said they wanted to keep delivery the same and almost 7% said they wanted delivery to increase.
- Only 15% of people suggested that door-to-door delivery or rural box delivery be converted to community mailbox delivery.
- Almost 14% of people said Canada Post should expand the services they offer.
- Less than 1% suggested that Canada Post should close post offices or open more franchises.

Despite the best efforts of Canada Post management to create an atmosphere of crisis and impending financial collapse very few members of the public proposed the type of cutbacks in service which Canada Post would deliver in its Five Point Plan. However in its report on its consultations Canada Post portrayed the response of the public, including seniors, as being

overwhelmingly in favour of this option. Not surprisingly Canada Post relied totally on self-serving anecdotal statements, which were purported to have been made in its closed consultations and did not provide any objective or quantitative results that might support its claim for widespread public support.

HARDSHIP FOR MANY PEOPLE

Although the Angus Reid poll revealed that fully 80% of the population recognizes that the move to community mailboxes will cause real hardship for some people, this fact seems to be lost on many of the people responsible for taking the decision to end home mail delivery.

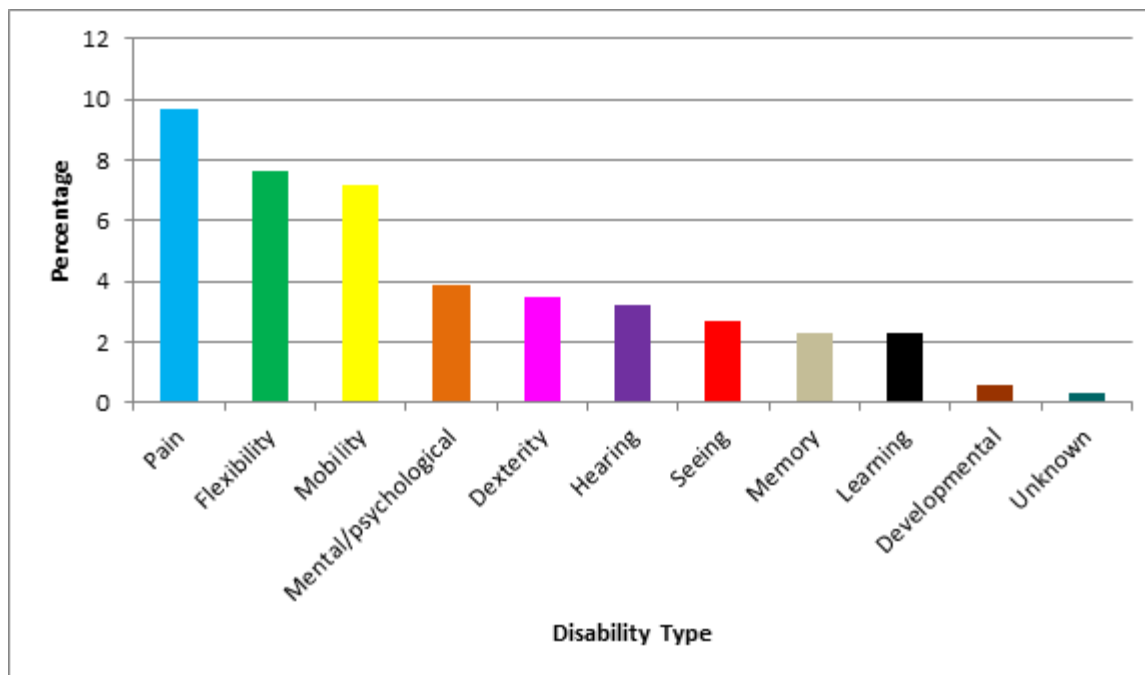
In its report on its consultations, CPC management describes seniors as favouring CMBs as a means to promote exercise. It states: “A retiree with a CMB said “I use it as an excuse, to get out of the house – it keeps me active.” This perspective was repeated by Canada Post President Deepak Chopra when he appeared before the Transportation Committee in December 2013 and argued that seniors were telling him they wanted CMB delivery so they could be more active. The report suggests that the needs of mobility-impaired people can be addressed by providing them with an extra set of keys so they can arrange for someone else to get their mail. Again, according to Canada Post President Deepak Chopra, this will not be a major issue because, in his words: “many seniors either live in retirement residences or live in homes with younger family members who could be counted upon to get the mail during a blizzard.”

An examination of the facts concerning seniors and mobility-impaired people illustrate how the senior management of Canada Post is totally out of touch with reality. In response to Canada Post’s decision, the CUPW hired Caryl-Anne Stordy, an independent researcher, to conduct a study to understand how losing door-to-door services will affect Canada Post customers, specifically those individuals with disability and mobility issues, seniors and low-income earners located within the first 11 communities selected for the conversion. Her research confirms that many people will suffer real hardship.

According to the 2012 Canadian Survey on Disability, the definition of disability includes an individual who reported being (sometimes, often or always) limited in their daily activity as a result of a health problem or long-term condition, in addition to any individual who indicated that they were rarely limited if they were also unable to do certain tasks without assistance. Using the definition provided above, it was estimated by Statistics Canada that approximately 13.7% or 3.8 million Canadians in 2012, aged 15 and older, reported that they were limited in their daily activities due to a disability. In 2012, one in ten working-age Canadians, aged 15 to 64, reported having a disability, compared with just over one-third of Canadian seniors aged 65 and older.

The most prevalent disability types reported by adult Canadians were pain (9.7%), flexibility (7.6%) and mobility (7.2%). While the same three types of disabilities were also listed as the

most common disabilities reported by seniors, the prevalence was much higher: pain (22.1%); mobility (20.5%); and flexibility (19.3%).



Prevalence of disability by type, Canada, 2012

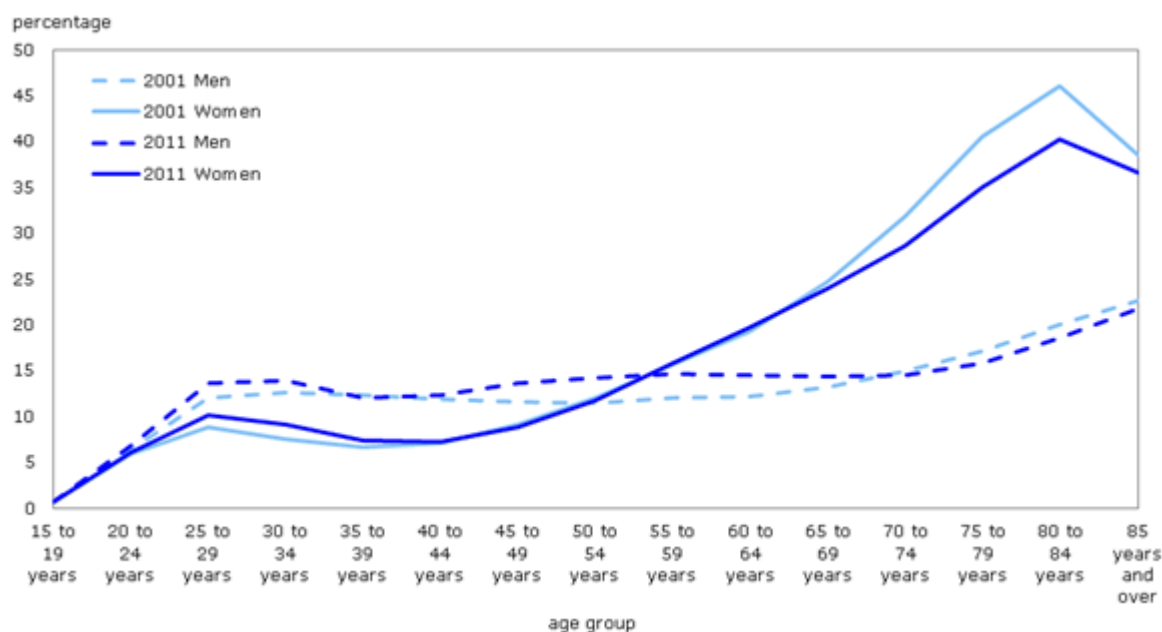
Source: Statistics Canada. (2012). *Prevalence of disability by type, Canada, 2012*

In our discussions with organizations representing people with disabilities three prominent concerns that have been highlighted are security, safety and accessibility. Many people are concerned about being vulnerable and easy targets for robbery when picking up their mail (e.g., cheques—pension Canada or disability, social service payment, bank cards, identification, etc.). In regards to safety and accessibility people are concerned about inaccessibility as a result of inclement weather especially winter conditions. Often snow is not removed from CMB locations making them inaccessible. Many CMBs are located on streets without sidewalks which can create special hazards for people using wheel chairs, walkers, scooters, etc.

Older adults are the fastest growing segment of the population, not just in Canada but worldwide. Within the next two years, there will be more people over the age of 65 than under the age of 25 in Canada alone. To better understand how this conversion will impact senior citizens located within the first 11 communities selected by Canada Post, the CUPW contracted with Statistics Canada to obtain specific data regarding senior citizens aged 65 and over who indicated that they had a disability are in a low-income earning category and currently live in an

area that will lose home delivery. These are people that have the least alternatives and will be most affected by the loss of home delivery. The results were disturbing. For example, within the three postal codes selected to lose delivery in the community of Repentigny, 8.2—10.6% of seniors (65 and over) were low-income and 30.9—36.4% of these people reported difficulty/reduced ability in performing daily activities. The results are available for all eleven communities.

As for the suggestion of Canada Post management that seniors with family members or roommates that can be trusted to obtain their mail, this is simply not true for many people. The reality for seniors according to the 2011 Census data is that one-quarter (24.6%) of the population aged 65 and over live alone. The prevalence of living alone after the ages of 50 for women and 70 for men increased for both sexes. In addition, individuals with disabilities or mobility limitations are twice as likely to live alone (17.3% vs. 9.4%), and are more likely to be lone parents (7.3% vs. 5%). Thus the option of appointing a trustee to pick up the mail poses yet another issue to deal with, as some may not have a person that they can trust, count on, or afford to pay to retrieve and deliver their mail. Appointing a trustee is also an issue of privacy as the mail could contain important papers such as bank statements, income/support cheques, and court papers, etc. The fact that ending home delivery will result in reducing the independence of many seniors and disabled people runs totally against the UN convention of the Rights of Persons with Disabilities which recognizes “the importance for persons with disabilities of their individual autonomy and independence, including the freedom to make their own choices.”



Percentage of the population aged 15 and over living alone by age group, Canada, 2001 and 2011¹.

Sources: Adapted from Statistics Canada, Census of population, 2001 and 2011.

Canada Post management's ignorance of the reality of people with disabilities stems, in part, from its failure to meaningfully consult with organizations representing the disabled prior to taking the decision to convert mail delivery to community mailboxes. Only after taking its decision did Canada Post state that it would seek "input from the various communities that best know the needs of the people with mobility challenges or other serious issues". Even then the majority of organizations representing disabled persons contacted by Caryl-Anne Stordy had not been contacted by Canada Post. When Canada Post did hold consultations they did not publish any results from these consultations and/or actions plans to address concerns of the population of interest. Instead Canada Post unilaterally announced a plan to offer people with mobility restrictions once weekly delivery provided they could provide proof of their inability to collect their mail. The plan was widely criticized by disability advocates as being time consuming, costly, and for unnecessary adding yet one more level of discrimination that disabled people must overcome. It was also sharply criticized by Louis Francescutti, President the Canadian Medical Association, as "totally irresponsible." Francescutti said Canada Post's plan will cost patients money, as well as needlessly expose them to other sick patients. He also said it was made without any consultation with the CMA.

A further example of the inadequate approach of Canada Post is illustrated in the failure of the Corporation to explain its plans to address the needs of people with disabilities. Following three requests by CUPW for information concerning its plans the response of Canada Post was to state that that an extension of up to 635 days (1 year, 8 months, and 27 days) was required as consultations were necessary to provide the information requested.

All people have a right to expect that their governments should be assisting them to become more independent and self-reliant. The consequences of this unnecessary and ill-conceived change in mail delivery service will be to make the most vulnerable people in our society more insecure and more dependent on others.

THEFT, SAFETY, LITTER AND REAL ESTATE VALUES

CUPW recognizes that the City of Montreal already has had lengthy experience with Community mailboxes that were introduced in new housing projects since the mid 1980's. However it must be noted that all existing CMBs have been introduced as an integral element of the design and layout of these housing developments in consultation with the municipality and the builders. This new initiative would see community mailboxes introduced into areas that

have not been designed for their presence. The result is that many of them will be placed in locations that cause traffic congestion, noise and unwanted litter for residences.

The experience of the residents of Kanata, one of the first eleven locations affected by the conversion should be noted. Following the introduction of the Community Mailboxes in Kanata the Kanata Beaverbrook Community Association rated CPC's introduction of new community mailboxes. The association awarded Canada Post a 'D'. Problems cited by the community association included the lack of communication with community groups and the city, the safety of pedestrians walking near the mailboxes, the safety of those stopping to use them and the city's plans for building sidewalks where they have just been installed. Explaining why Canada Post refused to participate in the public meetings that were convened to obtain community input, CPC spokesperson Jon Hamilton explained that Canada Post did not want to inconvenience people by having them come to a public meeting.

LITTER

Many municipalities have had to deal with the problems of litter associated with community mailboxes. The experience of the city of Vaughan is a case in point. The issue of litter and CMBs has been on the agenda of Vaughan City council meetings since 2007. After failed attempts of working with Canada Post, including a pilot project using recycling boxes, the City is actively considering introducing its own recycling units at 150 community mailbox locations that it has identified as "problem locations". The capital cost of locating these units is estimated to be \$146,775 and the ongoing annual costs of emptying them at \$26,000. Should the City go ahead and introduce units at all CMB locations the capital cost is estimated at \$978,500 and the annual ongoing cost at \$178,300.

THEFT

The issue of theft from CMBs is real and growing. Any internet search can easily identify a multitude of news stories about CMB break-ins, even though Canada Post does its best to suppress news stories of thefts and break-ins. Although national and regional statistics are unavailable from Canada Post a report broadcast by the CBC from British Columbia provides some idea of the magnitude of the problem. As a result of an access to information request in British Columbia the CBC found that in a 5-year period there were 4,800 incidents of theft, vandalism or arson relating to CMBs in BC, a province where they had 20,000 community mailboxes. In other words, almost an average of one in four of the CMBs experience a break-in, theft, arson or vandalism during this 5-year period. Recently hundreds of residents in Thunder Bay and Grande Prairie served by community mailboxes had to pick up their mail at post offices because of large-scale break-ins of CMBs.

It is illustrative to note that one of the selling points that Canada Post uses when arguing in favour of CMBs is that residents can leave their mail in the CMB if they are away from home for periods of time. However the reality is that CPC actually advises residents in high theft areas to pick up their mail as soon as it is delivered.

REAL ESTATE VALUES

There is also very good reason to believe that the introduction of CMBs into areas which have not been designed for them will result in reduced property values and depress the price of houses located near them. This was the conclusion of a real estate appraisal commissioned by the Canadian Union of Postal Workers. The real estate appraiser who prepared the report for the union concludes “It is my professional opinion that community mailboxes will have a negative impact on both demand and pricing for residential homes.” The report notes noise and litter at the mailboxes are “obvious deterrents.” Other issues include congestion from traffic, debris, loss of privacy and vandalism. According to the report CMBs produce sales effects similar to nearby railway tracks and hydro corridors, making it harder for homeowners to find potential buyers. “If a prospective buyer had a choice between two identical residential homes on the same street, one with a community mailbox and the other without, the buyer would likely select the home without the mailbox,” the appraisal noted.

COST TO MUNICIPALITIES

The conversion of home delivery to community mailboxes will result in significant additional costs to municipal governments. Additional costs for removing litter are virtually a certainty. Many communities have found that increased policing costs can be very substantial, especially if the CMB thefts involve criminal organizations involved in identity theft.

There is also the likelihood that property values may have to be adjusted downwards resulting in reduced municipal revenues.

Also many communities have experienced additional costs of providing services such as snow removal resulting from the failure of Canada Post to adequately fulfill its commitments. Sadly there is also the very strong likelihood that the number of people experiencing injuries resulting from slips and falls during winter months will also rise resulting in additional demand for municipal and provincial health and support services.

POSTAL BANKING: A PRACTICAL ALTERNATIVE TO CUTBACKS IN SERVICE

As previously mentioned the Conference Board Report recognized that post offices in other countries are expanding financial services as a means of responding to reduced letter volumes.

For 100 years, from 1867 to 1969, Canada Post operated the Post office Savings Bank with branches in all regions of the country. The Canadian Union of Postal Workers believes that there are many reasons why Canada Post should once again enter into providing financial services as an alternative to introducing unnecessary cutbacks in service.

There is considerable and growing support for postal banking in Canada. All political parties within Canada's Parliament, except for the governing Conservative Party, are interested in postal banking. The New Democratic Party (NDP) has encouraged Canada Post to deliver lucrative financial and banking services instead of cutting services and hiking postage rates. The NDP thinks there is "an excellent business case for the return of postal banking, providing services and meeting needs not met by the traditional banking sector." The Liberal Party of Canada says the merits of postal banking should be explored in the context of several different options for the future of Canada Post. The Bloc Quebecois has suggested that Canada Post follow the example of other post offices that provide financial services to help improve its bottom line. The Green Party believes Canada Post could diversify, remain competitive and provide the kind of service Canadians expect by offering postal banking.

Over 400 municipalities have passed a resolution in support of adding banking services at Canada Post. Also a wide range of groups throughout Canadian society are solidly behind the idea of adding banking services at Canada Post.

The Canadian public also likes the idea of Canada Post making money through financial services. According to a poll conducted in April 2014 close to two out of every three respondents (63.5%) supported Canada Post expanding revenue-generating services, including financial services like bill payments, insurance and banking. Poll results were drawn from a Stratcom national online survey, which interviewed a nationally-representative sample of 1,512 randomly-selected adult Canadians between April 9th and April 10th, 2014.

There are also many people formerly and currently in postal management who support the idea of postal banking. In 1982, Michael Warren argued for an increase in financial services at retail counters. Warren said that there were 2000 communities in Canada that had a post office, but no bank, and suggested that the postal service could step into this service vacuum. In 1998, André Ouellet told a parliamentary committee that Canada Post used to provide banking services and suggested that the Corporation could do it again. In 2010, Moya Greene told a standing committee of Canada's Senate that she was giving serious consideration to providing "a more traditional and generalized banking offer." In addition, between 2009 and 2013 Canada Post management conducted a secret four-year study on postal banking, which indicates that getting into financial services would be "a win-win strategy" and a "proven money-maker" for the Corporation. An online media outlet obtained study documents through an Access to

Information request. 701 of 811 pages were redacted. To date, Canada Post President Deepak Chopra has refused to release study documents in their entirety.

Additionally there is ample research indicating that CPC should pursue postal banking. In 2005, Canada's Library of Parliament produced a research paper arguing in favour of Canada Post offering financial and banking services. The paper pointed out that "today's postal administrations can either sink, while continuing to complain about declining mail volumes and electronic alternatives in the world of rapid technological change, or swim, by harnessing new technology, forming new business partnerships, and adopting new ways of doing business to create new products and services that will help them boost their performance and their earnings. From this perspective, the financial services option would seem to be the logical way to ensure the Canadian postal system's viability."

In June 2013, CUPW presented a paper entitled Banking on a Future for Posts at the Rutgers Conference on Postal and Delivery Economic. This paper looked at the financial and banking services provided by postal administrations in Brazil, France, India, Italy, Switzerland and the United Kingdom. It examined how these services have contributed to the economic situation of the aforementioned post offices and discussed the potential for adding similar services at Canada Post. The paper found that postal banking was lucrative and that it also had social and economic benefits. It suggested that Canada Post would be wise to consider a variety of postal banking models to ensure that it is able to maximize service to the public, meet its objective of financial self-sufficiency and promote financial inclusion, especially in rural and low-income areas where banks do not compete or provide adequate service.

In October 2013, the Canadian Centre for Policy Alternatives, released a study called Why Canada Needs Postal Banking. This study looked at the changing banking environment in Canada as well as Canada Post's experience with banking. In addition, it reviewed the status of postal banking around the world, highlighting five successful models in the United Kingdom, France, Italy, Switzerland and New Zealand. After establishing that there is a need for improved financial services in Canada and viable models in other countries, the study concluded by suggesting possible models for postal banking in Canada. It recommended that the federal government and Canada Post immediately establish a task force to determine how to deliver new financial services, and establish priorities for delivering new products. In 2014 the Canadian Union of Postal Workers and the National Association of Letter Carriers presented a joint research paper entitled The Banks Have Failed Us: Postal Banking To The Rescue. This paper examined the potential of postal banking to address the growing financial exclusion experienced by low income people living in urban centres and increasing segments of the rural populations in both the USA and Canada. Also in 2014 the Canadian Postmasters and Assistants Association produced a research paper entitled Why Post offices need to Offer Banking

Services.” This paper found that there are almost 1200 communities where there is right now no bank or credit union but there is a post office. Residents of these communities not only have to waste time, endure often dangerous travel routes and pay extra in travel costs to reach a bank or credit union, they are deprived of having the local financial services that could help them secure a mortgage or a loan.

Instead of destroying an efficient delivery model that has proven to be of great value to the public Canada Post should investigate other means of providing needed services to the public, such as postal banking, that could also provide additional financial resources to the Corporation.

CANADIAN POSTAL SERVICE CHARTER REVIEW IS NECESSARY AND OVERDUE

CUPW also believes that it is a major mistake to introduce any significant change in Canada Post services prior to an open and public review of the Canadian Postal Service Charter.

Under the terms of the Canadian Postal Service Charter the government is required to conduct a Review of the Charter every five years. Since the Charter was proclaimed on September 12, 2009 there should have been a review conducted in 2014. CUPW has been very vocal in demanding that such a review take place because we believe there is a need to improve the provisions of the Charter.

We believe that a process that involves greater transparency and inclusivity will result in necessary improvements to the Canadian Postal Service Charter and improved postal service to the public. In our campaign we have been joined by many organizations including 398 municipalities that have passed resolutions or sent letters calling on the government to improve the Charter or conduct a public review of the Charter.

Unfortunately neither the management of Canada Post nor the federal government honoured the requirement of the Canadian Postal Service Charter to conduct a review every five years. Instead Canada Post management paid the Conference Board of Canada to produce a paper which promoted the view that Canada Post was in a dire economic situation and drastic measures were required to rescue it from ruin. Immediately upon the publication of the Conference Board document Canada Post initiated a massive public relations campaign to publicize the Conference Board projections as if they were fact. This was immediately followed up by Canada Post organizing its own process of back-room private consultations. Based on results of a study that it had paid for, and on conclusions supposedly drawn from a secretive consultation process, Canada Post management then proceeded to implement the greatest cuts in postal service ever introduced anywhere in the world.

It was the decision of the federal government to fail to honour their obligation to conduct a Review of the Canadian Postal Service Charter, combined with the decision of Post Office management to unilaterally proceed with these massive cutbacks in service which have led us to where we are today.

CONCLUSION

The CUPW is very grateful to the City of Montreal for organizing this open, public and inclusive consultation process which will ensure that the proposed changes receive the public scrutiny that they deserve. We are available to provide back-up information and references for all of the statements we have made in this submission.

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