



Dear UPCE-PSAC members,

We are still reviewing and analyzing the recommendations from the Report of the Standing Committee on Government Operations and Estimates on the Canada Post Review process, and their potential impacts to Canada Post, the Group of Companies, and PSAC-UPCE members. We are certainly glad to see that Researchers, Academics, and Experts agree with some of the concerns the Bargaining Agents at Canada Post raised regarding the Task Force discussion paper... the same discussion paper that Canada Post senior executives applauded on its release;

- *“There was a lack of strategic creativity in the search for possibilities for Canada Post from the Task Force.*
- *The Task Force concentrated on reducing costs rather than expanding services.*
- *Postal banking was rejected based on research conducted by Yahoo Canada that seems to have been a survey of readers of Yahoo Finance. These readers are not representative of the Canadian population.*
- *The arguments against postal banking are not objective.*
- *The creation of a postal regulator would reduce federal management and oversight of Canada Post and would be undemocratic.”*

In addition, Canada Post released a letter to all employees on December 13, 2016, which stated that “To remain viable, major changes to the business are required.” We certainly hope that the major changes are major innovations as opposed to additional cuts of personnel or service. We believe that a reduction, in either compensation or headcount affecting UPCE-PSAC members, could lead to larger expenses in the long run. Also, such actions will overburden the remaining members with additional work, and/or lead to a further erosion of the work-life balance. We strongly believe that “major changes” in terms of additional cuts in the PSAC-UPCE membership would be counterproductive. We also hope that Canada Post senior executives realize that all employees have a stake in the corporation’s direction as our livelihoods depend on it. The corporation should, at the minimum, **objectively** consider postal banking. Also, it would be in Canada Post’s interest, to have open and transparent discussions with its employees regarding postal banking and other potential innovations.

We continue to believe that Canada Post, as a Crown Corporation, owned by the people of Canada, should focus on public policy objectives as opposed to being focused on making large profits. Unfortunately, we know very little about the dollars involved in executive compensation. We do know, that senior executive compensation continues to be tied to profits.

According to the 2015 Canada Post Annual Report, key management personnel defined as the Board of Directors and members of the senior executive teams responsible for planning, controlling and directing the activities of the Group of Companies, received \$10 million in total compensation. That figure encompasses only senior executives, not other executives or management. We continue to believe that the current multi-layered management hierarchy is both expensive and ineffective. A revised management and executive structure and compensation scheme could mean a re-investment into important front-line internal and external services.

We remain concerned with the report's recommendation of modernizing Canada Post's Defined Benefit Pension Plan. The Plan continues to be viable on a going-concern basis. We continue to believe that our position, that the Plan should be permanently exempt from solvency as expressed to Minister Judy Foote on January 22, 2016, is reasonable. The Plan does not need to be "modernized," but the laws governing pension plans, especially for Crown Corporations, need to be modernized, as we have moved on from the 1980s. And bill C-27 (<http://psacunion.ca/liberal-bill-attack-pensions>), a recent bill introduced by the Liberal government that would allow single-sponsor target benefit plans and individuals or groups of individuals to "surrender" their accrued benefits, certainly is not the answer.

The report from the Standing Committee on Government Operations and Estimates is based on the Taskforce discussion paper, feedback from Canada Post, the Bargaining Agents (UPCE-PSAC, CUPW, CPAA, and APOC), Canada Post Executives, Researchers, Academics, and Experts, and consultations with Canadians. The full report can be accessed here:

<http://www.parl.gc.ca/content/hoc/Committee/421/OGGO/Reports/RP8673298/oggorp04/oggorp04-e.pdf>

Of note, Deepak Chopra, Canada Post Chief Executive Officer, and Wayne Cheeseman, Canada Post Chief Financial Officer, testified in front of the Standing Committee on Government Operations and Estimates, that they wanted to explore jointly-sponsored pension plans for Canada Post. They have stated on numerous occasions, that they understood that pension was important for their employees.



With all that said, and at the same time, they have been trying to change the defined benefit plan at Purolator into a defined contribution plan. Canada Post owns over 90% of Purolator, and as such, has significant control over decisions taken by that organization. We are certainly appalled to hear, that Canada Post would attempt to make significant changes to the Purolator pension plan, especially during the Canada Post Review process. The information from the Teamsters can be found here: <http://teamsters.ca/en/blog/2016/12/14/strike-vote-at-purolator/>

**So is there anything positive?** We have yet to complete a full analysis of the recommendations, but we certainly tend to focus on the negative at this time. On the bright side (and at the very minimum), the Canada Post Review process has at least allowed for a much needed discussion. Numerous stakeholders have been able to share their thoughts on the direction of Canada Post. We have successfully implemented a few processes to improve the Union-management relationship. However, the corporation's consultation process (or lack thereof) on important issues, remains a concern. The committee also seems to recognize issues around the Union-management relationship, especially around the lack of a venue for all employees to bring forward creative ideas. As many things in life, recognizing a problem, is an important first step towards improvement.

2016 was certainly an eventful year for most workers. As confirmed by the Canadian Labour Congress, Canadian workers, through collective action, have recently achieved a ban on asbestos, more fairness for Temporary Foreign Workers, and stronger public pensions. However, the attack on private pensions (such as the Canada Post Pension Plan and the Purolator Pension Plan) by ruling classes continues to be very real. It is crucial for workers to maintain their retirement security, especially their accrued benefits.

We have great hopes for 2017!

Always in solidarity,

UPCE National Executive

