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Sunday, June 26, 2011

The Honourable NOËL A. KINSELLA  
Speaker

## CONTENTS

(Daily index of proceedings appears at back of this issue).

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## THE SENATE

Sunday, June 26, 2011

The Senate met at 11 a.m., the Speaker in the chair.

Prayers.

### SENATORS' STATEMENTS

#### INTERNATIONAL INDIAN FILM ACADEMY AWARDS

**Hon. Mobina S.B. Jaffer:** Honourable senators, I rise before you today to speak about our country, which has once again shown the world the true meaning of multiculturalism. Yesterday evening, over 800 million people from around the world gathered in front of their televisions and tuned in to the twelfth annual International Indian Film Academy Awards show, which made its North American debut in Toronto.

This award show brought over 40,000 visitors to Toronto and pumped roughly \$30 million into the city's economy. More important, it was an opportunity for Canada to appear on the global stage and show the world just how multicultural our country is.

Honourable senators, for all of those who celebrated the IIFA awards ceremony yesterday evening, it did not matter if one was Muslim, Hindu, Sikh, Punjabi, Christian or Jewish, nor did it matter if one's family was from India, Pakistan or any other country. All came together to celebrate the awards. This is because we were all more concerned about what brought us together and less concerned about the insignificant differences that often set us apart. The Indian Film Academy often brings people together when they are divided.

Ontario Premier Dalton McGuinty, who worked diligently to bring the award show to Toronto, addressed the packed Rogers Stadium and the millions of viewers at home, emphasizing all that unites us when he stated:

Some things are just universal, like a good story.

It doesn't matter if you grew up in Brampton or Bangalore, Mississauga or Mumbai, you grew up hearing stories and sharing stories.

One story that captured the spotlight yesterday evening was the film entitled "My Name is Khan." This is the story of a Muslim man named Rizvan Khan who happily settles in San Francisco, marrying a Hindu woman and opening a small business, all the while suffering with Asperger's syndrome.

However, after September 11, Rizvan's entire life is turned upside down, for he loses his family and his job, all because those around him change their attitude toward Muslims. Rizvan, who does not understand why Islam is being blamed for the acts conducted by a select few extremists, embarks on a journey across America to spread the message that, although his last name is Khan, he is not a terrorist.

Honourable senators, the fact that a film that spread such an important yet controversial message received high honours yesterday evening speaks volumes. To me it represents a shift in attitudes and an important step toward understanding in Canada and around the world.

Honourable senators, I urge you to join me in congratulating all of those who made the twelfth annual International Indian Film Academy Awards in Toronto a success. Once again we have shown the world the importance of embracing multiculturalism.

[Translation]

#### FOREIGN AFFAIRS

##### CANADIAN CITIZEN DETAINED IN LEBANON

**Hon. Pierrette Ringuette:** Honourable senators, on Tuesday, I asked a series of questions regarding one of my fellow New Brunswickers, Hendrik Tepper, a potato farmer who is currently being detained in Beirut, and who is the subject of a red alert issued by Interpol, which would have him sent to Algeria. There have since been a number of discussions with the Lebanese authorities, and I have been informed that the Lebanese justice minister would welcome a petition from the members of the Senate of Canada to help our citizen return to Canada.

I will circulate a petition today among all honourable senators that reads as follows:

We, the undersigned honourable members of the Senate of Canada, are calling on the honourable Minister of Justice of Lebanon, Shakib Qortbawi to return our citizen, Mr. Hendrik Tepper, to Canada.

Honourable senators, I am proud to announce that we have already collected 15 signatures. I thank my colleagues. I will be speaking to you again throughout the day to ask for your support.

[English]

#### CLIMATE CHANGE

**Hon. Nancy Greene Raine:** Honourable senators, we all like to talk about the weather, especially when something out of the ordinary is happening, like the cold, wet spring in the West, the dry conditions that resulted in the wildfires in northern Alberta and the months of flooding across the Prairies. No doubt we will be told that these weather events are indications of human-caused climate change. Weather will become more severe, activists will say, if we do not reduce our greenhouse gas emissions.

Is this true, or are these natural weather variations that occur all the time? As senators, we need to put aside political correctness and carefully consider a broad range of expert scientific opinion

on such matters. It is not enough to listen only to environmental groups or scientists seeking publicity for their causes. We must dig more deeply if we are to offer sober second thought on issues such as climate change.

Honourable senators, let me clarify — weather is not climate. Weather is a short-term event that may last hours to days. Climate is average weather over a long period. It has often been said that one shops for the climate, but one dresses for the weather.

If we have a hot summer, this does not mean we have global warming, nor does a cold winter indicate global cooling. It is only when new trends last for many decades that we can start to say that we are witnessing climate change.

• (1110)

Contrary to what we sometimes read in the press, scientists explain that weather becomes less violent during warm periods. They tell us that the main cause of severe storms is the temperature difference between the tropics and high latitudes, and this difference reduces as the planet warms, resulting in less severe or, should I say, fewer severe storms.

It is actually during colder periods that extreme weather events increase, which is why we are seeing increased weather variability in Canada now, as we are in a period of slight cooling.

The current record-setting flooding in Manitoba, for example, may not be unusual when analyzed over a longer period. Remember, our records in Canada are only a few hundred years old. Drought specialists explain that the prairies go through wet and dry cycles every 17 years. Right now we are in a wet cycle, with the next drought forecast to start again in a few years. We cannot stop the droughts or floods, so we definitely need to plan for them and be better prepared.

When the Senate reconvenes in the fall, I hope one of our committees will take a fresh look at the issue of climate change, one based on realistic assessment of science and history. Canadians deserve nothing less.

[Translation]

## ROUTINE PROCEEDINGS

### PUBLIC SAFETY

#### RCMP'S USE OF THE LAW ENFORCEMENT JUSTIFICATION PROVISIONS— ANNUAL REPORT TABLED

**Hon. Claude Carignan (Deputy Leader of the Government):** Honourable senators, I have the honour to table, in both official languages, the Annual Report on the RCMP's Use of the Law Enforcement Justification Provisions.

## RESTORING MAIL DELIVERY FOR CANADIANS BILL

### FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-6, An Act to provide for the resumption and continuation of postal services.

(Bill read first time.)

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

**Hon. Claude Carignan (Deputy Leader of the Government):** Honourable senators, with leave of the Senate and notwithstanding rule 57(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

(On motion of Senator Carignan, bill placed on Orders of the Day for second reading later this day.)

## ORDERS OF THE DAY

### BUSINESS OF THE SENATE

**Hon. Claude Carignan (Deputy Leader of the Government):** Honourable senators, pursuant to rule 27(1), I wish to inform the Senate that when we proceed to Government Business, the Senate will address the items in the following order: second reading of Bill C-6; third report of the Standing Senate Committee on National Finance on the Main Estimates; third reading of Bill C-8; third reading of Bill C-9; followed by other items according to the order in which they appear on the Order Paper.

[English]

### QUEEN'S UNIVERSITY AT KINGSTON

#### PRIVATE BILL TO AMEND CONSTITUTION OF CORPORATION—MESSAGE FROM COMMONS

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons returning Bill S-1001, An Act respecting Queen's University at Kingston, and acquainting the Senate that they had passed this bill without amendment.

## RESTORING MAIL DELIVERY FOR CANADIANS BILL

### SECOND READING

**Hon. Michael L. MacDonald** moved second reading of Bill C-6, An Act to provide for the resumption and continuation of postal services.

He said: Honourable senators, as you are all aware, after 12 days of rotating strikes, Canada Post initiated a lockout. This work stoppage comes after many rounds of collective bargaining, during which Canada Post and the postal workers union failed to close the gaps between their positions and reach a settlement.

For many months now, federal mediators worked with the two sides to find a solution. Unfortunately, the employer and union have been unable to finalize a new collective agreement. Accordingly, the government has decided to take action and table legislation that will bring an end to the work stoppage.

Just when our economy is in the early stages of recovery, and in view of the serious consequences of paralyzing the postal services, the country can ill afford a work stoppage. This legislation, once enacted, will bring an end to the lockout at Canada Post.

What is at stake is our economic recovery. Right now, our country has reason to be optimistic. Our country has experienced the strongest economic growth among the G7 countries since mid-2009. All the job losses incurred during the global economic recession have been recovered. Now is not the time to jeopardize our momentum. We have a duty to act on behalf of all Canadians.

It is always better when the two parties can reach a collective agreement at the bargaining table without the need for Parliament's intervention. The best solution in any labour dispute is one where the parties resolve differences themselves.

In this case, unfortunately, the parties are too far apart.

We could let the situation deteriorate and see businesses fail, unemployment increase and our economy falter, or the Government of Canada can take decisive action on behalf of all Canadians.

This bill imposes a four-year contract and new pay rate increases. It will mean a 1.75 per cent increase as of February 1, 2011, 1.5 per cent as of February 2012, 2 per cent as of February 2013 and 2 per cent as of February 2014. It also provides for final offer selection, a binding mechanism, on all outstanding matters.

Furthermore, in making the selection of a final offer, the arbitrator is to be guided by the need for terms and conditions of employment that are consistent with those in comparable postal industries.

The arbitrator will also provide the necessary degree of flexibility to ensure the short- and long-term economic viability and competitiveness of the Canada Post Corporation, maintain the health and safety of its workers, and ensure the sustainability of its pension plan.

• (1120)

The terms and conditions of employment must also take into account, first, that the solvency ratio of the pension plan must not decline as a direct result of a new collective agreement; and, second, that the Canada Post Corporation must, without recourse to undue increases in postal rates, operate efficiently, improve productivity and meet acceptable standards of service.

Let us remember that the last postal strike happened in 1997 and lasted for 15 days. Since then, reliance on postal service has experienced a decline in personal mail and the growth in the use of the Internet, email, electronic billing and electronic funds transfer. However, small- and medium-sized businesses still rely heavily on the postal service for direct marketing, billing and filling orders.

Canada Post is a Crown corporation and is one of the largest employers in Canada. It employs more than 70,000 full- and part-time employees. Every business day, Canada Post delivers about 40 million items and provides service to 14 million addresses. Canada Post, like any commercial enterprise, has to offer dependable service, generate revenue, control costs and maintain an efficient operation. By the same token, the Canadian Union of Postal Workers is trying to gain the best salary and working conditions for its members.

The labour dispute between Canada Post and CUPW relates to the renewal of a collective agreement covering some 50,000 workers, including plant and retail employees, letter carriers and mail service couriers. The collective agreement between CUPW and Canada Post expired on January 2011. Both parties had been bargaining since October 2010. When those talks stayed at an impasse, a conciliation officer was appointed.

The conciliation period was extended until early May. During that time, the conciliation officer again met with the parties. Throughout the month of May, a mediator from the Labour Program's Federal Mediation and Conciliation Service met frequently with the parties.

Despite all these efforts at mediation and conciliation, and Minister Raitt meeting with the both party leaders, on May 30 CUPW announced its intention to strike. On June 3, the Canadian Union of Postal Workers walked off the job, and on June 15, 2011, the employer declared a lockout.

To recap, the postal workers have now been without a contract since January 2011, despite many rounds of bargaining.

Sometimes collective bargaining hits an impasse. It is unfortunate when the employer and the union cannot hammer out a mutual collective agreement. However, when that happens, the parties can request the Minister of Labour to appoint an arbitrator.

Honourable senators, under normal circumstances, the Government of Canada does not intervene in labour disputes. Our government respects the right to free collective bargaining, which includes the right to strike or lockout. Parliament will stand aside if there is no serious harm to the national economy or public health and safety. However, when employers and unions choose a course of action that has harmful effects on the economy and the country as a whole, then Parliament has the right to weigh a strike or lockout against the rights of all Canadians.

What would be the effects of a prolonged postal disruption? Let us come to terms with the fact that Canada Post is a major employer across the country. It spends about \$3 billion a year on goods and services. It contributes \$6.6 billion a year to the country's GDP. Canada Post's direct marketing sector accounts for \$1.4 billion of its revenue. During the recent economic recession, this sector suffered financial losses. Canadian retailers depend on Canada Post to reach their customers. The Canadian magazine industry relies on Canada Post for most of its distribution.

Canada Post also offers an essential lifeline to Canadians in rural and remote areas. Often, Canada Post offices are the centre of a community's daily life. While rural letter carriers are not part of the current bargaining dispute, rural communities could still be affected since no sorting or bulk distribution of post will take place.

People with disabilities have transportation and accessibility barriers that may well affect their ability to receive goods and services. Shopping online and catalogue shopping still rely on the postal service to get the goods from the seller to the buyer.

Honourable senators, will we stand by and see some of the most vulnerable sectors of our economy affected by a prolonged work stoppage at Canada Post? What would the effects on Canada Post be as a viable business?

As we recover from the economic downturn, it is more important than ever that we encourage cooperative and productive workplaces. Let us support Canadians who have recently gone through a recession and are hoping to make some gains for their families. Let us support this back-to-work legislation. Let us keep our economy working. Let us look to the future. I ask honourable senators for their support today for this proposed legislation.

**Some Hon. Senators:** Hear, hear!

**Hon. James S. Cowan (Leader of the Opposition):** Honourable senators, too many times in the past five years I have had to speak out against this government's insistence that its neo-Conservative ideology trump good public policy. Too often I have seen this government so fixated on this ideology that it is prepared to ignore even the Constitution and the Charter of Rights and Freedoms. With Bill C-6, I fear we are seeing this pattern once again.

Let me quote to you a statement that Mr. Stephen Harper made back in 1997, in a letter to the *Calgary Herald* during the last general postal disruption in this country. The Liberal government of Prime Minister Chrétien had introduced back-to-work legislation, which Parliament passed. Mr. Harper, as he then was, wrote the following:

Back-to-work legislation only treats a symptom and not the real problem with postal service in Canada. The real problem is the double monopoly in postal service. The government gives post office management a monopoly over Canadians' mail, and then Canada Post gives CUPW union bosses the labour monopoly power to shut the service down. That threat still hangs over the heads of all Canadian

families and businesses. It's time to end the double monopoly and to give Canadian consumers a choice when it comes to mail service. Only ending the monopoly will ensure that Canadians are never held hostage by another postal strike.

That was now Prime Minister Stephen Harper.

Mr. Harper did not really believe in back-to-work legislation in 1997. He felt it was only a Band-Aid. As he said, it "treats a symptom and not the real problem." His solution was very clear from that letter: break the monopoly of the Canadian Union of Postal Workers; do away with postal strikes, period. Given this underlying philosophy, we should not be surprised when, now that he is Prime Minister, he crafts back-to-work legislation for the post office that goes beyond what is necessary to get the mail moving again.

Honourable senators, the right to create a union, the right to engage in collective bargaining and the right to legally strike are constitutional rights in this country, protected by the Charter. The Supreme Court of Canada has been very clear on this.

I think all of us in this chamber understand that there are times when back-to-work legislation is necessary to protect the public interest. As I mentioned, Liberal governments have done it; even NDP governments have done it in several provinces. It is not the idea of back-to-work legislation that is the problem; it is how it is being done in this bill.

If the goal is to have good, constitutional back-to-work legislation, then we should craft a bill that gets the dispute resolved, the mail flowing again, all the while respecting the Canadian way in labour disputes and especially our constitutional rights.

Let us take a minute to set out how we got here. As Senator MacDonald said, there was a collective agreement in place that was set to expire on January 31, 2011. Negotiations between Canada Post and the union began in October 2010. In January, the union filed for conciliation. In May, conciliation ended and mediation began. The union decided that the talks were not making enough progress, and on June 2 they began a series of rotating strikes.

• (1130)

Honourable senators, unlike 1997, this was not a nationwide strike. The strikes lasted a day in each of the targeted cities. The postal service did not grind to a halt. On the contrary, the union and its supporters went out of their way to ensure the least disruption to the Canadian public. CUPW was clear:

The purpose of our strike is to encourage [Canada Post] management to return to the bargaining table with a proposal that meets the needs of current and future postal workers.

What did Canada Post do? Instead of engaging in collective bargaining, it locked the workers out.

Let us be clear: We are dealing with a lockout, not a strike. Canada Post is owned by the government. It has locked out its workers; and now its owners, the government, are setting the terms under which the workers are to be ordered, under the force of law, to go back to work.

The lockout has had its consequences. The cost to Canadians, to businesses and to charities has been significant. Again, I have been struck by the degree to which the parties — both parties — have tried to minimize serious disruption to Canadians. The union and Canada Post came together to ensure that some 2 million Canadians received their social assistance cheques, CPP, Old Age Security, Veterans Affairs and Canada Tax Benefit cheques. Quebec's Child Assistance, pension and income security cheques all got delivered.

This happened on June 20. That was also the very day that the government tabled its back-to-work legislation.

One cannot help but wonder whether Canada Post, owned by the government, did not feel emboldened to raise the stakes in its labour dispute by locking the workers out, creating the conditions that led to the government saying: This situation cannot go on; we must legislate an end to this dispute, and on terms even more favourable to Canada Post than Canada Post itself had offered to the union.

CUPW offered to suspend its strike if Canada Post agreed to simply reinstate the recently expired collective agreement. Canada Post refused. Why should it agree? Canada Post knew the government was ready and willing to legislate.

The government, of course, said it had to introduce this bill. The Parliamentary Secretary to the Minister of Labour said in the other place that “the global economy remains fragile and risks to our recovery persist.” She said that this labour dispute “has resulted in work stoppage, an event that, if unresolved, could jeopardize Canada's economic prosperity.”

Keith Beardsley, a long-time Conservative who served as senior adviser and indeed Deputy Chief of Staff to Prime Minister Harper, wrote a column about this for the *National Post* on June 23:

One would assume the majority of businesses that rely on Canada Post would have taken steps to prepare for a disruption in service. . . . There is always a cost to a strike, and Canada Post announced it was losing millions of dollars. There is nothing unusual in that: lost revenue is one of the pressures a strike places on management, just as loss of wages hurts the striking workers. It's one of the reasons both sides feel the pressure to negotiate a settlement.

He continued:

The government has a range of options at its disposal, including mediation and arbitration, yet Ottawa is using a sledgehammer when a full and complete shutdown of postal services has only lasted nine days. One can question the necessity of any intervention at this point. Certainly there is an economic impact, as there is from every strike. But the government keeps telling us that we have the strongest

economy of western nations; now they claim a postal shutdown lasting just nine days will have dire consequences for the nation. I might have missed it, but I don't recall seeing any economic numbers to back up their claim. How many other strikes will they intervene in now? Every strike impacts on the economy of an area, region or town.

In other words, honourable senators, even this government's close supporters question the urgent need for this bill. Certainly there have been longer strikes that many would say have caused greater hardship than this one, yet the Harper government failed to act. Honourable senators will recall the transit strike here in Ottawa in 2008-09 that went on for 50 days. It caused chaos throughout the National Capital Region and cost businesses and charities millions of dollars. There were innumerable stories of terrible hardships suffered by individual Canadians as they walked literally for hours to and from work in December and January. The Harper government did nothing. Why? That was when Prime Minister Harper had shut down Parliament to avoid uncomfortable questions about Afghan detainees.

The Liberals and the NDP were prepared to support back-to-work legislation to end that strike. As I have said, we on this side are not ideologically opposed to back-to-work legislation. However, the Harper government was more concerned about avoiding difficult questions in the other place than it was about the mounting costs, economic and personal, of that strike, which of course took place at the height of the economic downturn. Once again, the Harper interest was more important than the public interest.

Now that it has its majority and is no longer running away from Parliament, this government seems to have completely reversed itself and has become trigger-happy with back-to-work legislation. The Air Canada strike had not lasted for 24 hours — it had barely even registered on the travelling public — when the Harper government announced it was tabling back-to-work legislation.

Now we have Bill C-6. Honourable senators, I can appreciate that there may be good arguments why back-to-work legislation is necessary here, but this bill is much more than back-to-work legislation. It guts the collective bargaining process — the heart and soul of labour relations and, as I have said, a constitutional right here in Canada. Instead of replacing this process with a serious alternative, it brings out a sledgehammer, to use Mr. Beardsley's word, and imposes terms on the parties, terms clearly weighted in favour of Canada Post and against the union.

Honourable senators, do Canadians want to get their postal service up and running again? Yes, they do. However, there is a better way to do it than in this bill. Let me explain.

The bill provides for the appointment of an arbitrator — a perfectly normal thing to do in this kind of legislation. However, what is not normal is the way that the bill fetters the discretion of the arbitrator.

Usually, when the right to strike is taken away by legislation, an arbitrator is appointed and given the task of providing as fair a conclusion as might be reached by a collective agreement. The Supreme Court of Canada is clear: If the government takes away

collective bargaining rights or the right to strike, it must provide an alternative that guarantees that arbitration will be the equivalent of collective bargaining.

That is not what this government is proposing in Bill C-6.

Instead of authorizing the arbitrator to find a solution using his or her best judgment, Bill C-6 instructs the arbitrator to select between two final offers, one submitted by Canada Post and the other by the union.

This is not collective bargaining, honourable senators; it is a game of roulette, and it is being played with loaded dice. As my leader, Bob Rae, said in the other place:

Basically we are asking the union to compete with the employer to see who can bid down these rates as low as possible and who can come up with the cheapest possible plan in order to get to the end.

As I have said, the dice here are loaded. Subsection 11(2) tells the arbitrator that “in making the selection of a final offer,” he or she is to be guided by the terms and conditions that are “consistent with those in comparable postal industries.”

What comparable postal industries, honourable senators? There are none here in Canada. What postal industry other than Canada Post will deliver a letter to the Northwest Territories for the same price as in Toronto?

The subsection goes on. It stipulates that the terms and conditions must be such as:

... will provide the necessary degree of flexibility to ensure the short- and long-term economic viability and competitiveness of the Canada Post Corporation, maintain the health and safety of its workers and ensure the sustainability of its pension plan, taking into account:

- (a) that the solvency ratio of the pension plan must not decline as a direct result of the new collective agreement; and
- (b) that the Canada Post Corporation must, without recourse to undue increases in postal rates, operate efficiently, improve productivity and meet acceptable standards of service.

• (1140)

Honourable senators, I referred earlier to the 1997 back-to-work legislation passed under the Liberal government of Prime Minister Chrétien. That bill seems to have been the model used in the drafting of Bill C-6, as many provisions are worded in practically identical terms. However, the differences are striking.

In that case, it was a mediator-arbitrator who was appointed. He — because it was it was a man — was appropriately called a “mediator-arbitrator” and his mandate was to “endeavour to mediate all matters [in dispute]. . . and to bring about an agreement between the parties to those matters.” There was no instruction to select between two competing final offers.

That act set out guiding principles for the mediator-arbitrator, but there was no mention of solvency ratios or standards of comparable postal services. Indeed, I was struck by a principle included in the 1997 act that was omitted in Bill C-6. The mediator-arbitrator in 1997 was to take into account — these are important words — “the importance of good labour-management relations between Canada Post and the union.”

Honourable senators, it seems pretty clear that the drafters of Bill C-6 had the 1997 example in front of them when preparing Bill C-6. Why was this principle omitted from this bill?

So much was added to Bill C-6 to restrict the arbitrator’s discretion. This is not real arbitration; it is a mask of arbitration hiding government-imposed terms. Arbitrator as puppet, if you will, with the Harper government as sole shareholder holding the strings.

Clause 13(1) of Bill C-6 states:

nothing in this Act precludes the employer and the union from entering into a new collective agreement at any time before the arbitrator makes a decision . . .

That sounds pretty good. That seems to put collective bargaining back where it belongs; as the minister has so often said, this government wants the parties to resolve these issues themselves.

Unfortunately, honourable senators, the clause — I am referring to clause 13 — does not end there. The true position of this government emerges in subclauses 2 and 3. Subclause 2 provides that the parties can negotiate, sure, but the term of the new collective agreement cannot be negotiated. It has to be four years, until January 31, 2015. Subclause 3 says they can negotiate, but they cannot negotiate salary. That is taken out of the hands of the parties by this bill. Instead of a subject for collective bargaining — indeed, salaries and wages are often the big subject for collective bargaining — the Harper government is setting those salaries and wages in this bill.

Clause 15 is the provision that sets the legislated salaries. As has been widely reported, the salary increases dictated by the Harper government in this bill are substantially less than what has already been offered by Canada Post.

What kind of bargaining would we have? The parties are prevented from bargaining on pensions, because the bill dictates that they cannot affect the solvency ratio in any way. Salaries cannot be bargained, because they are being dictated in the bill itself. Just about everything else that one might normally find to be bargained is off the table, because it might be seen to be affecting the overall competitiveness and productivity of Canada Post.

I want to take a few minutes to talk about clause 15, the clause that dictates salary increases and sets them lower than the salary increases offered by Canada Post during the real collective bargaining process. A similar provision was included in the 1997 legislation. However, that is where the similarity ends. That legislation appointed a mediator-arbitrator authorized to mediate

and bring about an agreement between the parties. There were no sudden-death final offers and no long list of parameters squeezing the arbitrator's discretion. The 1997 act resolved the strike and got the mail moving, without infringing constitutional rights.

The difference between the legislated salary increases in 1997 and the final offer made by Canada Post was 0.1 of 1 per cent, the difference between 5.15 per cent provided in the legislation and 5.25 per cent in Canada Post's offer when it was trying to avert the strike.

Here the difference is not a mere 0.1 per cent; it is 0.45 per cent, the difference between Canada Post's offer of 7.7 per cent and the 7.25 per cent provided in the bill.

Honourable senators, let me read to you some of the reaction to the wage rate clause from the members of the Progressive Conservative Party in this chamber in 1997. My good friend Senator Oliver had this to say:

There is no precedent for breaking the collective bargaining process such as you have in clause 12.

That will cause me a few strokes on the golf course, he says.

Senator Lynch-Staunton, then the Conservative Leader of the Government in the Senate, called the clause "punitive and unfair." This is what he said:

I feel that while wage settlements have been imposed in back-to-work legislation before, it is wrong to do so. I also feel that the mediator-arbitrator has powers that are extraordinary and that, in effect, remove the employer and employee from the negotiating table overall. That speaks to the whole collective bargaining process in this country, which must be reviewed and brought up to date.

He continues:

This principle of imposing a wage settlement with numbers and timing makes a mockery of the whole process of labour negotiation in this country. No matter what government is in power, this has been going on far too long.

Senator St. Germain did not mince his words. Speaking to the representatives of CUPW, he said this:

I am totally disappointed in clause 12. If the government wants to do this, they should at least have put it in the same terms as what they had offered you. This is incredible. I know the job that you will have in taking this back to your membership.

I will close by pleading with you.

This is still Senator St. Germain in 1997:

You have come before us. This is what Canada is all about: The Senate, Parliament, is the court of last resort. I would hope that somehow you can reach your people in

such a way that they will be rational in dealing with this legislation. I hope we will never have to deal with this sort of thing in this way again.

Honourable senators, not only have Senator St. Germain's hopes not been met, but with Bill C-6, we are presented with an even more problematic proposal.

Our Speaker, Senator Kinsella, tried to move an amendment deleting clause 12 at that time. I will not put His Honour in the position of moving a similar amendment today. Of course, procedurally one cannot do that, but that is how strongly he and his caucus felt in 1997.

Honourable senators, we on this side understand that Canada Post needs to be profitable and that Canadians expect their mail to flow. We are not opposed to back-to-work legislation. We legislated the postal workers back to work in 1997. However, honourable senators, our obligation and duty to Canadians is to ensure that when we interfere in a labour dispute, we do so in a balanced way that, above all, respects the constitutional rights of all parties.

Mr. Harper's comments in 1997 cause me grave concern. By the way, these were not casual, off-the-cuff remarks that were made too quickly in a scrum; this was a letter that he wrote and published in a newspaper.

Back-to-work legislation to resolve a labour dispute is not an opportunity to break a union's constitutional right to strike. Union-busting has no place in Canada.

At the same time, the proposal by the Official Opposition in the other place, that the bill simply be set aside for six months, is not a satisfactory solution either. Indeed, it is not a solution at all. There are better ways to resolve this dispute.

The minister said in the other place that her government is open to amendments. This bill can be fixed, if the government is truly interested in having a resolution that respects collective bargaining and indeed respects the Charter of Rights and Freedoms. Given the strong statements in 1997 by Conservative senators, many of whom are still here today, I look forward to coming up with a bipartisan approach that works for all parties.

• (1150)

Honourable senators, over the past few weeks some pundits have openly wondered whether there is a role for a moderate party at the centre of the political spectrum in Canadian politics these days. The way in which this issue has been addressed by the government and by the official opposition, namely, the battle of extreme ideologies between these parties that has delayed serious, practical and respectful resolution of this labour dispute, has demonstrated beyond any doubt that there is a role for a party, the Liberal Party of Canada, which believes in a reasoned, balanced approach. It is a party that respects the aspirations of the workers and understands the economic realities of their employers in a complex world economy.

**Some Hon. Senators:** Hear, hear!

**Hon. Lowell Murray:** Honourable senators, unfortunately, I do not have unlimited time, as my friend the Leader of the Opposition has, so I will try to be as succinct as possible at this stage of the bill where we are discussing its principle.

I will begin by congratulating and thanking Senator MacDonald for a well-balanced speech, not surprising given his background and his instincts as I have observed them over the years. His speech was mercifully free of some of the offensive rhetoric that we heard from the government side in the House of Commons during this debate.

Frankly, it was almost frightening to hear some of the references from some Conservative members about “union bosses” and “union halls,” as if those were un-Canadian places, alien, perhaps, even seditious. I have not heard tone like that about unions in this Parliament in all of the time I have been here. I think one would have to go back to the Winnipeg General Strike to hear comments like that from leaders, or perhaps go back to what Senator MacDonald’s grandparents and mine told us about the miners’ strikes in Cape Breton in the 1920s. It is somewhat frightening to hear that tone of debate and argument in the other place. I do not think I will hear much or any of it here.

I part company with Senator MacDonald, as I do with the government, on the issue of whether the alternative to this bill is to have our “fragile economic recovery” come crashing down around our ears. As the Leader of the Opposition indicated in his speech, the people who treat that argument most risibly are some of the government’s friends in the Conservative commentariat. They are laughing at that argument; they do not take it seriously. I do not agree with their motivation, which seems to be that a continuation of the strike would mean that Canada Post’s competitors would take away all their business and that would be the end of it. However, they certainly do not take seriously the argument that the work stoppage would have brought the economic recovery crashing down.

There is nothing new about back-to-work legislation. The debate has always turned on the timing, context and substance of the legislation. It is worth noting that the actions taken first by the union and then by the company are legal, and I think both Senator MacDonald and the Leader of the Opposition have alluded to that. The union resorted to rotating strikes and the company resorted to a lockout after the expiry of a collective agreement and the failure of various conciliation and mediation efforts. Neither party, it seems to me, should be unduly indignant that the other party used the tools as its disposal.

When this bill receives second reading and goes to Committee of the Whole, I take it that we will have the Minister of Labour, the Minister with responsibility for Canada Post and, I hope, I am reliably told, a representative of CUPW before us.

I am not arguing as to whether the government’s timing is right or wrong. That is a decision for the government to make, and it has made it. They have brought the measure forward now. My argument is about the basis of the content of the legislation. Obviously, I am not and I believe none of us is opposed to back-to-work legislation being brought in by a government to

Parliament. It has been done often enough in the past, always reluctantly, I think, and always with regret by the government that introduced it and by the Parliament that approved it.

However, there are many kinds of back-to-work legislation, as we know. There are many kinds of compulsory arbitration, as we know. A wise, prudent and experienced government in Parliament will achieve the objective as painlessly as possible because the objective is always the same: end a work stoppage and resume operations. A wise government and Parliament will try to ensure that the action does not leave open wounds and a lingering sense of unfairness. A wise government and Parliament will try to do that in a way that does not poison the well for future relations between the worker, the union and the government, especially. That would be the work of statesmanship, and I much regret to say that this bill fails on all those counts.

The Leader of the Opposition attributes the unnecessary harshness and vindictiveness of this legislation to the neo-Conservative ideology of the government. I do not know about that. I rather think something in the DNA of this government is never satisfied with a win but must try to destroy their adversaries. They are never satisfied to have adversaries. They must try to portray them as enemies. That is what is being done here.

We have seen cases many times in the past where the actions or policies of a government have had the effect of dividing Canadians and dividing the country. This is the first government that I have known that has intended to divide by its action and intended to turn people against whomever, in this case, against this union. This kind of harsh and vindictive action will have long-term implications.

As I have said, there are many ways to impose compulsory arbitration. The government has chosen to impose this final offer selection, which in itself is rather drastic, but then exempts from it wages and terms of agreement. The government imposes a wage settlement, which, as others have noted, is less than the final offer made by management. Its argument for doing that does not hold water. I will not go into detail now, but I will raise the matter with the ministers when they are here. It simply does not hold water.

• (1200)

I have not done as much analysis as has the opposition leader about the numbers, but it does not seem to me, on the face of it, that the difference between the final offer of management and what the government is imposing is that enormous. It is the symbolism, the deliberate symbolism chosen by the government to say, “We are not satisfied with sending you back to work; we are going to rub your noses in it. We are not satisfied to send you back to work; we are going to try to humiliate you if we can. We are not satisfied to have you as an adversary; you are the enemy.” This is contemptuous in its attitude toward a labour union of any kind.

I will stop there because we are going into second reading, I think, if all goes well. I hope that you will all be nice to Senator McCoy, Senator Cools, Senator Rivest and me. I do not know what arrangements may have been made between the government and the official opposition here, but I do not think any of us have been consulted on them. As you know, you will need unanimous

consent to proceed step by step through this process. Therefore, I say to my friends opposite, your leadership and your whip will advise you, if only for today, to be very nice to the independents.

[Translation]

**Hon. Jean-Claude Rivest:** Honourable senators, I would also like to say a few words on the bill, very briefly.

I do not wish to dwell on how events unfolded in the House of Commons. For the next four years, Canadians will remember this kind of ideological confrontation, which will likely characterize this Parliament and will give rise to discussions on how people see Canada.

Honourable senators, I always thought that the Canadian Charter of Rights and Freedoms guaranteed workers' right of association and the right to freely and openly negotiate their collective agreement. Everyone in Canada understood that this free negotiation naturally included the right to strike. That is a fundamental and completely legitimate right workers have. Whether in the public sector or private sector, exercising the right to strike must cause some inconveniences to be effective and have any meaning.

These inconveniences are always real, whether for the employer in the private sector or for all of the people who benefit from public services in the public sector. It is all a question of measures and workers exercising their rights.

In the current dispute, it is my understanding that the union representing Canada Post employees, well aware of its public service role, had limited its use of the right to strike, so as to not cause any undue inconvenience while exercising its fundamental right to strike.

We all know what happened. The board of directors of Canada Post very quickly locked out the employees. Of course, there was some inconvenience caused by the workers exercising their right to strike, but needless to say, as soon as the lockout was imposed, the inconveniences increased fivefold and became quite substantial, since the mail service had been shut down entirely.

The government has told us — and we have every reason to believe it — that Canada Post made that decision independently. The fact is that Canada Post's decision to respond with a lockout irreparably opened the door to government action, whether deliberate or not. As a result, we now have Bill C-6 before us.

Honourable senators, I believe the way things happened poses a serious risk to our labour rights in Canada and this bill is an example. The right to strike in the public sector is always an extremely sensitive matter.

As a Quebecer, I can attest to that. The history of labour relations in Quebec's public sector in the 1970s and 1980s was marked by extremely difficult, very ideological disputes that caused immense harm to Quebec society as a whole. Over the years, we have developed some expertise in the matter. The right to strike in Quebec's public sector under our laws is not left to chance. When there is a public sector strike, we form what is called an essential services council. Before exercising their rights

to lock out or strike, both parties must appear before the council — an independent council with a complete judicial process — that determines which services are essential when the union exercises the right to strike.

Honourable senators, in the past decade or so, things have improved considerably, so much so that when there is a strike in the public transportation, education or health sectors in Quebec, we know exactly the nature and extent of the essential services the union must provide during the strike. The right to strike is guaranteed. It is "civilized" and "structured."

There is nothing like this at the federal level, so when a strike happens, there are obviously all kinds of interpretations, based on one's interests and ideologies. A person can play up or play down the effects of the strike. It is a debate of public opinion, which is how we end up with the situation experienced by postal workers and all Canadians.

Our experience with this bill should encourage all political leaders in Canada to think about the right to strike. If, every time there is the possibility of a strike in the public sector, the government threatens special legislation — as was done with Air Canada — or if the government passes such legislation, this means that there is essentially no right to strike in the public sector. If that is what the government believes, if it thinks that the right to strike in the public sector is something that causes an unbearable inconvenience to the public, it should have the courage, clarity and honesty to simply abolish the right to strike. We cannot keep the right to strike if, as soon as that right is exercised, the government introduces special legislation, as we have seen recently. It is one or the other.

I think that Quebec's experience can shed some light on this issue to end this impasse.

I would also like to say, in closing — and the unions have already said this — that it is absolutely absurd and unprecedented for a government to unilaterally determine the wage level for postal workers, without regard for the state of negotiations and the offers from Canada Post. I am even more concerned because we do not know where these figures in clause 15 come from. Where do they get the 1 per cent, 2 per cent or 3 per cent? The government never told us that was the level it wanted to have. What were these figures based on? It never explained.

The other thing that is very concerning is that as soon as the government legislates 1.5 per cent or 2 per cent wage increases for a given period with respect to the public service, the unions know that, for any cases that may come up in the next few months or years, the figures will be the same as what the government decided in the bill. When it comes to the public service or any other public organization in Canada, how could the government decide on a wage increase that is lower or higher than the one determined for Canada Post workers?

• (1210)

I think this bill sets a very dangerous precedent.

Everyone wants the Canada Post employees to go back to work, but I would like to draw the attention of the Senate — and this is the Senate's role — to the impact this bill will have on

[ Senator Murray ]

labour relations in the public sector. This bill is not neutral; it is not impartial. It sends a clear message from the government and, in my opinion, this message is very worrisome if one believes in freedom of association and the right to negotiate, as everyone should. This applies to workers in the private sector, and it should also apply to workers in the public sector.

[English]

**Hon. Consiglio Di Nino:** Honourable senators, I will intervene for a few moments in order to respond to Senator Murray's speech.

Honourable senators, governance at the best of times is difficult. Leadership is about making tough decisions. It is most difficult when the issues are controversial and you have a split opinion across the country.

I take umbrage with Senator Murray's comments, because I was here in at least three such situations when he was leader. We dealt with the free trade agreement with the U.S., which was one of the most difficult, divisive issues in the country. We dealt with the GST — in my memory, probably the most difficult and divisive in the country. We also dealt one of the most heart wrenching debates I have ever been involved with, which was the abortion bill. He was my leader at that time. He was the leader on this side at the time. Senator Murray urged us, as our current leader is doing, and as the leaders on the other side did when they had to deal with difficult issues.

If we are to receive criticism, then we have to understand that this is not something that is only happening today. This has been happening for as long as Parliaments have been sitting, and it will happen again. A government has to make the tough decisions on behalf of the people of this country that it believes are in the best interests of Canadians, and that is what this government is doing.

**Hon. Terry M. Mercer:** Honourable senators, I rise to speak against Bill C-6 and all of the tenets that are in this bill. It disturbs me greatly. Senator Murray's comments were right on. Senator Murray comes from the small town of New Waterford, Nova Scotia. He remembers his roots as a Cape Bretoner. I sometimes wonder whether others who come from that great island have forgotten some of things that were learned by their ancestors and, in many cases, by their relatives.

Yes, decisions are tough. Tough decisions need to be made about difficult issues, but they must always be fair, and this is not fair. Indeed, I would suggest to honourable senators that this is really quite the beginning of an attack on public service unions, such as the CUPW. Next we will be entering into negotiations with the public service and the many other unions that represent the workers who work on behalf of Canadians. I am very concerned.

I am also interested to note, honourable senators, that over the past few days and weeks a number of people have taken the time to write to me, and I notice they have written to many of you at the same time. I will refer to an email from a gentleman by the name of David Orman. I emailed him to ensure that he

understood that I might use his name. He is from my part of the world. He grew up in my neighbourhood. He went to the same church as I did. He walked the same neighbourhoods as I did as a boy. I quote from his email:

Becoming an employee of Canada Post was an opportunity to reach the goals we set as a family and to look forward to a respectable career and, some day, retirement. Well, 32 years later, I am still the employee but don't actually look forward to retirement considering what Canada Post has in mind for me and so many others who have given so many years to them as a faithful employee and ambassador within our community.

That is what he is thinking about, honourable senators. He went on to say in that same email:

I am not some big union participant. I am just an employee who feels I am being wronged — and not just by Canada Post but also the Harper government and his troops who will do what they can to provoke this form of bullying in spite of who is affected.

Honourable senators, people are hurting out there because of this legislation, and people are scared because of this legislation. When we have officials here from Canada Post, you will hear me ask some questions about this issue, but I want to make sure you are aware of this. For the last two years now, I have been hearing stories from people who work at Canada Post who tell me that Canada Post has developed a nasty habit since 2006, and you can figure out the symbolism of what 2006 may have meant. They tell me that since 2006, Canada Post has gone throughout the ranks and fired or laid off or found people to be redundant in hundreds and hundreds of positions. One thing that those people all had in common was that they were very close to retirement. Think about that. Think about my friend Mr. Orman who wrote and is worried about his retirement. This is a company that needs to be given a good shake.

In this morning's *Halifax Chronicle-Herald*, Laura Penny, a professor at Mount Saint Vincent University, wrote, in making reference to this legislation:

... the government is making it clear that they are willing to do management's dirty work for them.

What an attitude. This is the stuff you are going to get, honourable senators across the way. This is what you will get. It is people who are forgetting where they came from. I am shocked at the Minister of Labour who, like Senator Murray and Senator MacDonald, comes from Cape Breton Island. You have to remember where you come from.

According to Professor Penny, there was a "flattering puff piece" on the Minister of Labour in *The Globe and Mail* recently, and it mentioned the fact that she is from the pier, dear, and all those great things about her background, and that her father was a labour organizer. Can you imagine? What a great thing for the labour movement in this country to have a Minister of Labour whose father was a labour organizer — in other words, someone who understands labour. She recalled knocking on doors with him during union membership drives and said, "It is in the blood."

Well, I do not know if Ms. Raitt will go home for summer vacation this year and talk to the same people whose doors she knocked on to sell them membership cards in whichever union her father was working on.

Another email came from a gentleman from Dartmouth. He may be a neighbour of Senator MacDonald or Senator Cordy, because they both live in Dartmouth. He said:

Canada Post has been profitable for at least 16 consecutive years.

He went on to say:

Canada Post Corporation has paid over \$1 billion back to the government coffers in dividends and taxes.

• (1220)

He goes on to say:

Canada Post has rejected all attempts by CUPW to do ergonomic studies done on all equipment purchases to protect health and safety and prevent costly injuries. Workplace injuries will be costly for both Canada Post Corporation as well as the taxpayers of the provinces and territories of Canada.

That is another scathing indictment of Canada Post Corporation.

Honourable senators, we have some problems in this corporation and here we are, as Professor Penny says, doing their dirty work for them. Others go on to say that it is obvious this legislation is loaded on the side of Canada Post, with the final offer arbitration, as Senator Cowan has noted.

Honourable senators, I will say some things later on as we move throughout this debate today, but I want to go back to the idea of fairness and the fact that there are people out there who are being hurt and who are very frightened that they will be hurt even further; that this Crown corporation is developing a reputation for treating its employees badly — not just poorly but badly — and taking away things that had been hard earned through the collective bargaining process, a process that has worked well for Canadians for many years.

Honourable senators, I am very concerned that this is just step one in a continued attack against public sector workers and unions in this country.

**Hon. Bert Brown:** Honourable senators, my grandmother came from Scotland at the age of 7 years to work in the Coats & Clark mill to wind bobbins. I for one would like not to be lectured quite so strongly on the right to strike. I would remind us all that in Europe right now 11 countries out of 13 are very close to bankruptcy. Balance is what is required, not rhetoric.

[*Translation*]

**Hon. Pierrette Ringuette:** Honourable senators, unlike how I normally feel when I rise to speak in the Senate, I am not pleased to have to speak to this particular bill, which should not even be before the Parliament of Canada.

Let me explain. My interest in labour relations is not something new, but rather dates back several decades to when I did a master's degree in labour relations at Université Laval.

While we understand that, for the sake of both Canadian society as well as the Canadian economy, we need to have labour relations that bring about harmony in the workplace for the long term, it is never a good thing to force employees back to work, especially in this case, where a corporation locked out its employees, who were staging rotating strikes in order to make Canadians aware of the fact that the workers were in the bargaining process. That fact is that Canadians have not had any mail service for the past few days because Canada Post management decided to lock out the employees.

Honourable senators, I worked at Canada Post for five years. I saw how good labour relations were there at the time; even though the Canada Post Corporation was paying dividends to the Canadian government and to all the taxpayers in the country, to the tune of \$55 million to \$60 million a year, not counting corporate taxes, I saw how valuable good labour relations were. I saw people who were able to have a positive dialogue with one another.

In reality, the goal of corporate administrators is to ensure that the business runs smoothly and that there are profits at the end of the year. The only thing employees want is a reasonable salary and reasonable working conditions. That is what I observed the whole time I was there. I also saw that the group of workers who deliver mail on rural routes was completely ignored for years. That group finally got a labour contract, a collective agreement, and was able to ensure that their work brought in a salary that was worthy of Canadians who provide a service to Canadians.

Honourable senators, you remember last year's omnibus budget, Bill C-9. Bill C-9 contained 20 words. Those 20 words had been repeatedly introduced in Canadian Parliament since 2007. Those 20 words eliminate the Canada Post Corporation's exclusive privilege as it pertains to letters intended for delivery to an addressee outside Canada. You will recall that I told you many times in this chamber that those 20 words, tucked into a 900-page budget, would cost the Canadian public and Canada Post dearly. That is \$80 million in annual revenue the Harper government has taken away from the Canada Post Corporation, effective last year.

Here we are a year later, waking up to a bill that, in my humble opinion, is completely one-sided and eliminates a host of benefits including previously negotiated salaries.

Honourable senators, remember that the only item at issue, both at Air Canada and at Canada Post, had to do with the pension fund. It was the only item being disputed. Why, then, is the Senate receiving such a biased bill today that for years to

[ Senator Mercer ]

come will destroy labour relations between the employees and management at the Canada Post Corporation and God knows who else? What will the current government send us next year that is going to affect Canada Post Corporation? What is the appeal of destroying one of the world's model postal corporations? You are chipping away at it year after year. You want to destroy labour relations at this corporation.

• (1230)

This bill does not propose anything to effectively resolve the current dispute. However, it has everything needed to destroy labour relations between the Canada Post Corporation and its employees for years to come.

Honourable senators, we must think carefully. It is not a matter of a few hours today or a few days. It is a matter of at least four years. What kind of service will there be? What kind of atmosphere will there be in the discussions to resolve some issues and modernize the Canada Post Corporation in the years to come?

I am looking forward to hearing from our witnesses. In the meantime, I urge you to think carefully about the future of this corporation, which has played a key social and economic role for each and every one of us.

[English]

**The Hon. the Speaker:** Are honourable senators ready for the question?

**Some Hon. Senators:** Question.

**The Hon. the Speaker:** It was moved by the Honourable Senator MacDonald, seconded by the Honourable Senator Duffy, that Bill C-6 be read a second time.

Is it your pleasure, honourable senators, to adopt the motion?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

(Motion agreed to, on division, and bill read second time.)

REFERRED TO COMMITTEE OF THE WHOLE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

[Translation]

**Hon. Claude Carignan (Deputy Leader of the Government):** Honourable senators, I move that this bill be referred to Committee of the Whole immediately.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

[English]

**The Hon. the Speaker:** Honourable senators, pursuant to the order, I will leave the chair for the Senate to be put into Committee of the Whole on Bill C-6. Please be advised that it will take a few minutes to do some technical arrangements and then the Committee of the Whole will be called to order.

• (1240)

[Translation]

(The Senate was accordingly adjourned during pleasure and put into Committee of the Whole, the Honourable Donald H. Oliver in the chair.)

**The Chair:** Honourable senators, the Senate is now in Committee of the Whole to consider Bill C-6, An Act to provide for the resumption and continuation of postal services.

Honourable senators, rule 83 states that:

When the Senate is put into Committee of the Whole, every senator shall sit in the place assigned to that senator. A senator who desires to speak shall rise and address the Chair.

Is it agreed, honourable senators, that rule 83 be waived?

**Hon. Senators:** Agreed.

**Senator Carignan:** Honourable senators, I ask that, pursuant to rule 20, the Honourable Steven Fletcher, Minister of State for Transport, and the Honourable Lisa Raitt, Minister of Labour, be invited to participate in the proceedings of the Committee of the Whole and that government officials be authorized to accompany them.

**The Chair:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

[English]

**The Chair:** Minister Lisa Raitt and Minister Steven Fletcher, I welcome to you the Senate of Canada.

Before I call upon you to introduce your officials, I would like to remind honourable senators who are new to the Senate of some of the basic rules that apply to Committee of the Whole.

The *Rules of the Senate* apply in Committee of the Whole with the following exceptions: First, a senator may speak any number of times; second, each intervention by a senator is limited to 10 minutes; Third, any standing vote is taken immediately without the bells to call in the senators; fourth, there can be no arguments against the principle of the bill; and fifth, there can be no motions for the previous question or for an adjournment.

Minister Raitt, I now call upon you to introduce your officials. If you wish to make some opening remarks, you now have the floor.

• (1250)

**Hon. Lisa Raitt, Minister of Labour:** Thank you very much, honourable senators. I am grateful to be here today. With me I have the Deputy Minister, Hélène Gosselin; Senior Counsel from the Department of Justice, Christian Beaulieu; and the Director General of the Federal Mediation and Conciliation Service, Guy Baron. I have some opening remarks, and I will allow Minister Fletcher to introduce his own officials during his remarks.

Honourable senators, thank you very much first for altering your normal hours to assist with the consideration of this legislation and, second, to afford me the rare opportunity to sit here among some of our nation's most respected, qualified and accomplished citizens in this place. Thank you also for allowing me the privilege of answering your questions to help with the consideration and review of this important piece of legislation.

Honourable senators, we are here to speak about Canada Post. Indeed, it is one of Canada's largest corporations. It is a \$7.5-billion company, it employs 70,000 people across Canada and a vast majority of them do have union representation.

Canadians rely on the services of Canada Post for many reasons, and my colleague Minister Fletcher will elaborate on these in his remarks.

The collective agreement between the Canadian Union of Postal Workers — which I will call CUPW for the remainder of these remarks — and Canada Post expired earlier this year, on January 31. Unfortunately, the parties have not been able to reach an agreement, despite having received both conciliation services and mediation services from our department. Now we have a complete work stoppage. It is our view that the work stoppage puts the good health of Canada's economy on the line. That is an impact no citizen or business can afford, given the fragility of Canada's economic recovery. Therefore, they are counting on us to act. That is why, honourable senators, we have put forward this proposed act, An Act to provide for the resumption and continuation of postal services.

This is not our first choice in how we would like to see this labour dispute resolved, but this choice is a necessary one. We have exhausted all other avenues and too much is at stake for Canadians and for our economy, so we must act now.

I will take the next few minutes to outline for honourable senators the intent of the proposed legislation, talk about the potential economic risks entailed by a work stoppage in postal services and explain why it is so important that we take decisive action now rather than wait longer.

Honourable senators, this act provides for the resumption and for the continuation of mail services at Canada Post, and it brings an end to the uncertainty that has characterized so much of this dispute for the last several months. It has culminated in the actions we have seen in the last few days.

The act also seeks to impose a four-year contract and a new pay rate increase. That means a 1.75 per cent increase as of February 1, 2011; a 1.5 per cent increase as of February 2012; a

2 per cent increase as of February 2013; and a 2 per cent increase as of February 2014.

More fundamentally, it provides for final offer selection, which is a binding mechanism, on all outstanding matters between the parties. Furthermore, honourable senators, in making the selection of a final offer, the arbitrator is to be guided by the need for terms and conditions of employment that are consistent with those in comparable postal industries. This will help provide a necessary degree of flexibility to Canada Post to ensure long-term and short-term economic viability and competitiveness, that we maintain the health and safety of workers, and that we also ensure the sustainability of the pension plan.

The arbitrator also must, as guiding principles, first, take into consideration the terms and conditions of employment, wherein the solvency ratio of the pension plan does not decline as a direct result of the new collective agreement; and, second, that Canada Post Corporation must, without recourse to undue increases in postal rates, operate efficiently, improve productivity and meet acceptable levels of service.

Honourable senators, while this is likely no one's preferred way of resolving the matter, it is a decisive approach, and it is aimed at resolving this labour dispute. We must act because the impact on our economy is simply too great to ignore. Since the talks between CUPW members and their employer have broken down, our country is now suffering consequences. With respect to these consequences, for many it means a lot more than just the inconvenience of not having postal services. It means that an integral part of what keeps Canadian business moving and what puts money in the pockets of many citizens slows to a standstill.

An interruption in reliable postal service matters. Small businesses invoice and get paid via the mail. Companies rely on the mail to issue bills, to process orders and to receive payment. Canadian publishers and direct marketers depend on the mail for their livelihood, and taxpayers are waiting for their tax refunds and HST rebates to arrive. They will all tell you that there is much at stake in this dispute. They will also tell you that these matters are well beyond labour relations at Canada Post.

Our citizens cannot afford to be left waiting, nor should they have to deal with the uncertainty. They should not be the ones to bear the brunt of a labour dispute that, for many months, has shown no signs of resolving itself.

Honourable senators, as I said earlier, every avenue has been tried to bring a full and a lasting resolution to this dispute. If I could, I would like to give you a brief chronology of the past eight months.

On October 4, 2010, the union served the employer with a notice to commence collective bargaining for the purpose of renewing their collective agreement, and the parties held negotiations directly with one another from October 2010 to January 2011. On January 21 of this year, the union filed a notice of dispute with my office and requested help from our services in the form of conciliation assistance. We appointed a conciliation officer on January 31.

Throughout February and March, the conciliation officer met with the parties. On April 1, when the conciliation period was concluded, there was a request by the parties to extend it to May 3, 2011. Again, the conciliation officer met with the parties.

Throughout the month of May, an officer was there to meet frequently. Unfortunately, despite all of these efforts, an agreement between the parties remained elusive.

Honourable senators, we all recognize the threat that this work stoppage poses to Canada. We do believe that this dispute needs to be resolved now, as the uncertainty has gone on for too long. We can all see that something needs to be done to protect Canada's economy and to protect its workers. We will do what needs to be done to help bring an end to the dispute. We will act to protect our economy, but not in a way that takes sides. This is a case where an employer and a union are deadlocked, and they have chosen a course of action with serious consequences for the country.

We have a legitimate case for acting in the public interest. Canada has persevered through a period of extraordinary difficulty in the global economy. We are taking these extraordinary measures only because no workable solution has been found. As well, as I said, we need to protect the economy.

Therefore, I am asking that all honourable senators consider this piece of legislation, do the right thing for Canadians and support what we have proposed today.

**The Chair:** Thank you very much, minister.

Honourable senators, before calling on senators for questions, I would like to now call upon the Honourable Steven Fletcher, Minister of State for Transport, for his opening remarks.

**Hon. Steven Fletcher, Minister of State (Transport):** Thank you for the opportunity to speak to you today about the legislation that is so important to Canadians and to Canada's fragile economic recovery. I am joined today by André Morency, the Assistant Deputy Minister, Corporate Management, Transport Canada and my caregiver, Brittany.

Honourable senators, this work stoppage is having an impact on small businesses and charities, on Canada Post and, ultimately, on Canadians.

• (1300)

As minister responsible for Canada Post, it is my job to be concerned about all these impacts. For businesses and charities, the threat of strike action and the reality of rotating strikes have created significant uncertainty about mail delivery. Many businesses made the difficult decision to move to more costly private-sector providers to ensure their goods and letters would be delivered.

Though Canada's economic recovery continues, it still remains fragile. I am worried about the impact of higher delivery charges on businesses and their customers. The situation is also affecting individuals in every Canadian family. Couples are wondering when or if their wedding invitations will make it to their loved

ones. Grandmothers and grandfathers cannot send birthday cards to grandchildren. Students are awaiting university acceptances and course material. Our men and women in uniform and their families are unable to exchange all those important letters.

Honourable senators, for Canada Post, this work stoppage comes at a critical time for the corporation. Canada Post was strongly affected by the global recession that began in 2008, like many other businesses. However, Canada Post has also experienced increased competition in its major business lines, such as domestic letter mail.

These pose an extreme threat to Canada Post and postal service providers around the world. Despite falling decline in domestic letter volume, domestic parcels and ad mail at Canada Post remain profitable, if only marginally. The funds from those profits are reinvested directly into the corporation to help facilitate its modernization.

In 2008, Canada Post began modernizing its plants, upgrading its equipment and rationalizing its processes all with a view to becoming more efficient and to position itself for the future.

Canada Post is also making its facilities safer for its employees, but its cost-cutting and modernization efforts may not be enough to ensure it remains financially self-sustaining. The corporation is hoping to improve its business sustainability by working with its employees on the shop floor and through collective bargaining to bring about greater efficiencies and more flexible ways of providing its mandate.

As we all know, negotiations with the Canadian Union of Postal Workers have failed, and this work stoppage has cost Canada Post dearly. It is compromising its ability to work and to build toward a more efficient and affordable mail service to the benefit of all Canadians. This dispute has already cost Canada Post more than \$100 million. There is the long-term impact of users who have switched to electronic billing and many other individuals who may never come back to Canada Post, and that cost has not yet been calculated. The longer this labour disruption continues, the greater the negative effects will be on Canada Post's future.

After eight months of failed negotiations, this labour disruption must end now. My colleague the Minister of Labour has already outlined what has occurred. This back-to-work legislation recognizes that giving the two parties more time is not the answer. This legislation precludes a further strike or lockout, results in certainty of service for Canadians and imposes a process on the parties to resolve this issue.

This is the only solution for employees, the employer and, most importantly, Canadians.

Thank you, Mr. Chair.

**The Chair:** Thank you, Minister Fletcher. Before we turn to questions, could you put on the record the officials who are here with you today from your department?

**Mr. Fletcher:** I am here with André Morency, an assistant deputy minister for Transport Canada.

**The Chair:** We are now open for questions.

**Senator Cowan:** Thank you, ministers, and welcome. It has been a long few days for you, I am sure.

I have two questions, one of which is with respect to the parameters that you have put in this bill. There is a lot of discussion about that having been done by a previous government to legislate an end to a strike in 1997.

In that previous bill, there was a provision that said the mediator or arbitrator, as he was described at the time, had to take into account "the importance of good labour-management relations between Canada Post and the union." That phrase does not appear in this bill. What message are you giving, particularly to the postal workers but, more generally, to other workers who belong to unions that will be negotiating with the government and various Crown corporations over the next while?

**Ms. Raitt:** Thank you, very much, senator. I appreciate the question. The Canada Labour Code, in its preamble, is clear as to the purpose of the code, and it speaks to the fairness and reasonableness of labour relations in Canada.

The arbitrator will be looking at many different areas other than the act to guide him or her. One will be the Canada Labour Code. We feel it will already be part of the arbitrator's purview to look at anything he or she would like to, including the code, and he or she is directed to the code in the act. As it is already there, we did not include it in this piece of legislation.

**Senator Cowan:** Was it not there in 1997?

**Ms. Raitt:** Yes, it was there in 1997, but we also included other things that were not there.

**Senator Cowan:** I know.

**Ms. Raitt:** We used 1997 as the precedent, but we chose to improve upon it and make it more in terms of what the issues were currently on the table between the parties. That is why it speaks directly to what was in dispute, and it also goes to the type of arbitration we have chosen.

**Senator Cowan:** You did stress in your opening remarks the importance of creating and maintaining good relations between workers and management.

**Ms. Raitt:** Absolutely.

**Senator Cowan:** Do you not agree that the exclusion of a phrase that was in the Canada Labour Code in both 1997 and 2011 might be seen by some to be a deliberate omission and a change in attitude on this issue of labour-management relations?

**Ms. Raitt:** No, I do not think so. From my perspective, I have great respect for the powers of the arbitrator, and, indeed, we spent much time considering the appropriate choice of arbitrator. It will be someone who has great experience in labour relations and in making decisions based on jurisprudence and other matters available to them. I have great confidence the arbitrator will be able to seek his or her own guiding principles. This is the

government's statement of guiding principles, and it is a given that any arbitrator in a labour relations dispute will look at the Canada Labour Code and see that act as guiding as well.

**Senator Cowan:** I am not sure who might choose to answer this next question, but there has been much discussion about the pension issue, the difference between defined benefit and defined contribution, and the movement of many employers away from defined benefit plans to defined contribution plans. I understand that in the course of negotiations, there was either a suggestion or a proposal that Canada Post would like to move away from defined benefit to defined contribution, at least with respect to new workers.

Now, there will be some negotiation. Some things are not to be negotiated, but some things can still be negotiated in the collective agreement. There is a proviso in clause 11(2)(a) that says nothing in the negotiations can affect the solvency ratio of the pension plan or, rather, that you have to take into account that the solvency ratio of the pension plan must not decline as a direct result of the new collective agreement. Does that not presuppose that the government is directing Canada Post to move away from a defined benefit plan in favour of a defined contribution plan, at least with respect to new employees?

• (1310)

**Ms. Raitt:** Technically, no, because a defined contribution plan would have no effect on the solvency ratio of a pension plan. That section was specifically included to ensure that the arbitrator looks at the best interests of Canadians as a whole and at unfunded liabilities. Conversion from defined benefit to defined contribution is not affected by that section.

**Senator Cowan:** This structure is in relation to the existing plan, which is a defined benefit plan?

**Ms. Raitt:** That is to ensure that when the arbitrator is assessing the two final offers, he or she ensures that any pension concessions or additions being sought will not increase the unfunded liability that is ultimately the responsibility of the taxpayer.

**Senator Cowan:** Of the existing plan?

**Ms. Raitt:** Of the plan as it is valued, yes, sir.

**Senator Segal:** Welcome to both ministers of the Crown.

My question for Minister Raitt relates to clause 15. As has been pointed out with some measure of intensity by members on the opposition benches in the other place, the notion of prescriptive wage indication in the bill is slightly different from how this has been done in some circumstances in the past.

Could the minister share with us why, in terms of public interest and the next stages, the government considered that to be appropriate?

Second, could Minister Fletcher address the question raised at second reading by Senator Rivest from the province of Quebec, namely, the post office falling into the category of essential services, along with other aspects of instruments of national service? Could he address whether that is a larger question for the

future, but not part of these negotiations or dealt with in this bill? Is the question of protecting Canadians with respect to essential services, as has been done in some provinces, on the agenda in the transport sector?

**Ms. Raitt:** In terms of clause 15, in crafting the legislation the government took into consideration that there would be wage increases for employees at Canada Post. Instead of letting it go to final offer selection, we looked at what was achieved at the bargaining table between the largest union with which we negotiate, that being the Public Service Alliance of Canada, and used those numbers for the increases.

I understand that there may be questions as to why we did not choose to select one offer made by the parties over another. The answer is that those offers at the table were part of a very general package from either union or management, and it would be inappropriate to choose the offer of one party over that of another. That is why we chose very fair wages, that had been previously negotiated, as increases for the workers. Frankly, compared to what is being earned in both the public and private sector currently, they are good wages. Many Canadians would like to have such increases for themselves.

**Mr. Fletcher:** I thank the senator for the question. Essential services refer to services in support of charities, the delivery of socio-economic cheques, and delivery to rural Canada where there is no other delivery method available. In the last session of Parliament, the government introduced a service charter that sets out expectations for Canada Post, and that will go a long way to dealing with the issues to which the senator is referring.

**Senator Segal:** Minister Raitt, there has been much comment about an allegation with which I do not associate myself, but it might be helpful to have clarity on it, and that is a two-tier process or protecting existing employees with respect to certain provisions and having other provisions for people yet to be hired.

It strikes me as a normative process, and certainly one that unions often support, to respect seniority in the operation of organizations. It strikes me that that is the principle guiding this, but I would be interested in the perspective of the minister on the distinction that will be made, which I think has been portrayed as an offensive bias against young workers, which is not my sense of the intent of the legislation or of its specificity.

**Ms. Raitt:** Your last comment is exactly correct. We have no opinion on the offer by Canada Post, which has been communicated in the press by both Canada Post and CUPW, on the specific issue of having a different wage scale for new employees that will eventually bring them up to the full wage rates of the other Canada Post employees. Our goal at the table was to help the parties to narrow the issues in dispute and the field of issues facing them. This one was in great contention.

We hope that, through final offer selection and binding arbitration, both parties will put their final offers on the table so that the arbitrator, using the guiding principles, can decide which is best. We will leave it to the parties. The government has no point of view on what is being negotiated at the table.

I appreciate your question.

**Senator Jaffer:** Minister, thank you very much for being here today. I listened to your comments and I would like some clarification. If I heard you correctly, you stated that all matters will go to the arbitrator except for salaries. If I heard you correctly, would you clarify why you decided not to have salaries go to the arbitrator?

**Ms. Raitt:** Thank you for the question.

Two things did not go to the arbitrator. The first is the term of the agreement. We would like to see a four-year agreement for stability. The second is the levels of wage increases. We recognize that there will be wage increases. We also recognize that the parties were very far apart with respect to wage increases, which made it very difficult for our mediator to provide them service.

Given that PSAC had negotiated and agreed to a wage package for its members, we determined that the most appropriate thing would be to include those salaries in this legislation, removing that variable from final offer selection, and have the parties deal with the other issues in dispute. We believe it is a fair wage which was freely collectively bargained, and that is why we included it in this legislation.

**Senator Jaffer:** I am troubled that you have put into this legislation a rate lower than what was negotiated between the parties. I heard you say that you looked at other sectors, but regardless of whether that is the correct rate, I am concerned that when people get back to work there will be anger and tension between the workers and the employer. I am concerned about the relationship that will develop as a result of this legislation that reduces the wages that they bargaining for.

**Ms. Raitt:** I appreciate your point of view on the matter. As has been pointed out, the wage was also set out in 1997. It simplifies the process in terms of having the parties put together a package on the many other matters in dispute, which range from health and safety to pensions and benefits. Taking wages out made it much clearer for the parties to deal with those other matters.

It troubles me when people say that wages had been agreed to. The wage offer that Canada Post put forward was not a final offer. It was only one item in a package.

• (1320)

From a very different perspective, we chose not to look at the offers of those two parties. Indeed, we chose to look at the public sector and the private sector, and we landed on the amounts we put in there as based upon the agreements we concluded with our own unions.

**Senator Meighen:** To follow up Senator Jaffer's question, I want to make sure that clause 15 and the wage increases contained therein were the ones negotiated with the Public Service Alliance.

**Ms. Raitt:** They are, sir.

**Senator Meighen:** Can you tell me the rough date of that? I want to ensure that we are dealing with a contemporary agreement.

**Ms. Raitt:** It was eight months ago, senator.

**Senator Jaffer:** Minister, I want to follow up on what Senator Cowan talked about, namely, the guiding principles and leading to better labour management relationships, particularly in light of your own background. I did hear your response to Senator Cowan. I am curious why that would not be one of the things that you would put in your guiding principles. We all know that there is acrimony at the moment. Why would you not make better labour management relationships part of your guiding principles?

**Ms. Raitt:** As I said, when we developed our guiding principles, we were cognizant of the fact that we wanted to have a different sort of arbitration than the last time in 1997, because, quite frankly, it did not work. There were two years of mediation and arbitration in a protracted way that did not further the labour relations at all between Canada Post and the union, so we chose final offer selection. As I said, the arbitrator will look to the Canada Labour Code in general and will see that there is an importance of good management-labour relations.

An example in the guiding principles of something that was not there in 1997 that we added as a result of issues at the table is the health and safety aspect of the workers. We say very specifically that the arbitrator takes into consideration the maintenance of the health and safety of its workers. That was an area that had been in dispute. Even though it is in the act, it was put in there because we want to ensure the arbitrator is mindful that this is one issue that had a great amount of discussion.

With respect to good labour-management relations, the mere fact that they are appearing before an arbitrator indicates they were unable to conclude a deal, and the arbitrator will be guided by his or her own principles and, of course, what is in the Canada Labour Code.

**Senator Eaton:** Thank you, minister, for coming today. On the question of pensions, how many Canadians have pensions, and what is the average age for retirement in this country?

**Ms. Raitt:** That is a very good question, senator. My colleagues in the other place do a lot of work on this. Sixty-three per cent of Canadians do not have a pension, either defined contribution or defined benefit. They do not have one. Part of the reasoning behind wanting to ensure that Canadian taxpayers on the whole were not responsible for the unfunded liability is the recognition that we need to work more on the aspect of "who has" and "who does not have." We continue to do that work in the other place with people like Minister Menzies and Minister Flaherty.

With respect to the average age, within the public sector, I believe it is 55 years of age after 25 years of service, but that by no means would extend out into the general public where we are seeking to have mandatory retirement removed. In terms of retirement, people are working far past those ages these days.

**Senator Mercer:** Thank you, ministers, for coming today. We do appreciate it. It has been a long process.

Minister Fletcher, you indicated that this comes at a critical time for Canada Post Corporation. If it is at such a critical point in time for Canada Post Corporation, why lock out the employees?

**Mr. Fletcher:** It is a critical time for Canada Post. Timing is very important. The fact that the Senate is sitting here on a Sunday morning gives an indication about the effect of each day as this work stoppage goes on and the great impact it has on the Canadian economy and on Canadians.

To your specific point, the rotating strikes led the corporation to make a decision on a lockout. That is a day-to-day operating decision. The government did not make that decision; the Crown corporation made that decision.

The rotating strikes were, in effect, causing mail in Canada to cease being delivered. The corporation reacted to those rotating strikes. The two parties, as the Minister of Labour has already indicated, have not been able to come to an agreement, and an agreement needs to be sought. This needs to be resolved in a timely manner. That is why we have seen what has happened in the last few days. That is why the Senate is meeting on Sunday morning. It needs to be resolved for the sake of Canadians. I thank the Senate for sitting today, and I hope Canadians will start getting their mail next week.

**Senator Mercer:** Minister, you have me confused. You said that the mail ceased being delivered because of the rotating strikes. The rotating strikes were in a couple of cities at a time and, after the rotating strike was over in one community, the workers went back to work and delivered the mail. The system did not work as efficiently as it normally does, and it was not as convenient for everyone, but charities were getting their cheques in the mail, although perhaps a few days late. When you locked out the workers, minister, that is when mail services ceased, not with the rotating strikes.

You are the minister responsible for this Crown corporation, and you did mention in your first presentation the \$100 million that Canada Post has supposedly lost. What are the details of that? Can you break that down and tell us where the aggregate of that \$100 million comes from?

**Mr. Fletcher:** Thank you for your question. On the first point, the rotating strikes were effectively causing great disruption in confidence in businesses, in particular of getting their necessary material out, be it billing or parcels or what you have. When the rotating strikes hit Montreal and Toronto, that had a devastating impact on Canada Post's ability to function. Mail volumes were down by 50 per cent. The rotating strikes were costing Canada Post between \$20 million and \$24 million a day. That was obviously not sustainable. The cost up to the lockout was \$100 million. Not only that, the rotating strikes were costing Canada Post \$10 million to \$12 million a day to provide the labour costs, which was very difficult for Canada Post to sustain from a cash flow perspective. By locking out, it reduced the losses per day.

I would remind the senator that this is a critical time for Canada Post. This is during the transformation of Canada Post to move to a more efficient and effective way of providing mail. Volumes are decreasing already. We are in a fragile economic recovery. This was just creating more uncertainty in the economy. We are really looking, senator, at the long-term viability of Canada Post. This is a serious situation, and that is what brings us here today.

**Senator Mercer:** Minister, over the past number of years, not just since this issue has come to the public in the last few weeks, I have had a number of people at Canada Post at various levels within the corporation tell me about a number of decisions made by management at Canada Post to fire, lay off or find redundant employees who are very close to retirement, which goes totally against the grain of how Canadians like to be treated by each other.

• (1330)

Are you aware of this policy being implemented at Canada Post? Are you aware of the number of employees who have been laid off who have been close to retirement age?

**Mr. Fletcher:** Senator, Canada Post operates at arm's length of the government. I am not aware of any of those things that you have suggested, other than that Canada Post is going through a transformation. It is investing \$1.5 billion in infrastructure to create a more efficient and effective postal delivery system. Some of the technologies that are being used may even go back to, not the last century, but the one before that, and obviously that is not conducive in an age of email and private competition and so on.

What we are seeing with Canada Post is that it is an organization that is trying to adapt to a fast-changing world and is under a lot of demands. Management is making the decisions it feels are necessary to ensure the long-term viability of Canada Post, to ensure that they meet the expectations under the postal charter and to ensure that Canadians get the mail they need in a fast, efficient and cost-effective manner.

**Senator Mercer:** The previous CEO, Ms. Greene, built a reputation that allowed her to move up to a more prestigious position. People have put in time all their lives. I read into the record earlier today letters I received from people who spent 35 years with the corporation. They are concerned about their pension and about how they will be treated by the corporation as they come closer to retirement — a corporation that, while it is at arm's length, you are responsible for.

**Mr. Fletcher:** Senator, I appreciate the points that you are making. As I have said several times already, these are operational issues and they are best answered by Canada Post. I understand that you will have Canada Post and CUPW as witnesses later on.

**Ms. Raitt:** Since it is a labour relations matter, if individuals are concerned that they are not being treated fairly, then I would say that they can go to their union on the matter, as you know. They can file a grievance. They can have their full hearing before the Canadian Industrial Relations Board, should they choose. There are laws that guide labour relations in Canada and the fairness of employment and the treating of employees. I would encourage them to utilize all the facilities they have through the federal government. I appreciate the information and we will look into it.

**Senator Murray:** Mr. Fletcher has twice pointed out, I think properly so, that Canada Post is at arm's length from ministerial direction, from the government. I believe I heard him say, in

particular, that he was not consulted when Canada Post management decided to have recourse to the instrument of lockout in this dispute. I believe I heard him correctly. If not, he will correct me.

Mr. Fletcher, I know that you have been in the cabinet for some years, but your present assignment as minister who reports to Parliament for Canada Post dates only to the most recent cabinet reorganization. Is that correct?

**Mr. Fletcher:** That is correct.

**Senator Murray:** I do not even remember who your predecessor was, but just to reinforce the point that you have made and I have made, that Canada Post is at arm's length.

You have brought some officials here; you have told us you have an assistant deputy minister, André Morency. I would like to inquire of him whether the government, the then minister, whoever it was, was informed and consulted during the negotiating process; in particular, whether he was consulted by Canada Post management with regard to the Canada Post offer during the negotiations, including the wage offer. Is Mr. Morency in a position to answer that question? I presume he is the assistant deputy minister with general oversight of those Crown corporations that report through the Minister of Transport. Is that the case?

**Mr. Fletcher:** Yes. That is his role. If it is all right, I will answer the question for you, senator.

**Senator Murray:** Certainly.

**Mr. Fletcher:** Any of these decisions, including the lockout, were the sole decision of management. The government was not aware at any time that that was going to be the decision, until the decision had been made.

**Senator Murray:** What you are telling us is that your relationship and the relationship of the government to Canada Post is, as I understand it, exactly what Parliament intended when it created Canada Post as a Crown corporation.

I know you are young, but you may recall, or you would know, that for decades the post office was a department of government, with a postmaster general, a minister who gave it political direction, as ministers give political directions to the departments.

Some time, I think it was during the Trudeau years, the government and Parliament decided, for various reasons, to take Canada Post out from under various conventions and statutes that relate to the civil service and to create them as an arm's length Crown corporation.

Ms. Raitt's position — I am not personalizing it; it is a government position now — is that the wage settlement that they are imposing upon the employees of Canada Post is the same wage settlement that applied to civil servants, members of the Public Service Alliance of Canada. Those two situations are not properly comparable, for the reasons I have just stated. The previous Parliament took Canada Post out from under. They are

subject to many different conventions and constraints than those which apply to the public servants, the members of various departments, it seems to me.

I do not see how, unless you want to bring them back as a department of government under the direction of a minister, you should apply to them the same criteria that are applied to civil servants. The Chrétien government — I was in the Senate at the time and fought against it — took Parks Canada and Revenue Canada out from under. They are now not Crown corporations but special operating agencies, no longer subject, supposedly, to ministerial direction. They did it almost for the sole reason to get them out from under the relevant labour legislation. I thought it was wrong. I remember that Senator Bolduc and I argued that if there was something wrong with the Public Service Staff Relations Act and the rest of those regulations, then the government should bring in amendments to that legislation rather than simply move large swatches of the public service out from under. That was another day and another argument.

• (1340)

I simply make the point, for the benefit of the Minister of Labour, that I think the defence of the government for having imposed this particular wage settlement on the union does not hold water.

**Ms. Raitt:** Thank you for the question, senator. Since you are questioning the wages, I will answer. After 57.5 hours of filibuster, I feel older than is indicated by my youth. However, I appreciate the point.

In spite of looking at the history of what has happened within Canada Post and the Crown Corporation, my job is to focus on today and the future. The “today” part is the fact that we used a comparable government service in order to determine what the wage rate is, and that is the government services of Canada. That is a comparable industry and it is most appropriate to use.

In the “future” part, we care about ensuring that there is long-term viability for Canada Post. These are fair wages. They are good wages, they are certainty wages and they are appropriate to be in the act at the rates that they are in.

**Senator Murray:** I think that the argument is rather weak. They are no longer civil servants. You are taking it upon yourself in one breath to decide that they are comparable to what you call “government services,” yet you have written into this bill that they should be comparable to other postal services, whatever and wherever they are.

I also make the point with regard that provision in the bill —

**Senator Finley:** Time!

**Senator Murray:** — that you could have turned —

I am sorry; is Senator Finley our timekeeper today?

Remember, senator, that you will need unanimous consent to move to third reading, so just cool it.

[ Senator Murray ]

Mr. Chairman, I can wind up and I was winding up before I was so rudely interrupted by Senator Finley.

You could have simply turned over the question of the wage increases to the arbitrator and you chose not to do so; you chose to do something else. I spoke about that at second reading.

Let me ask you about the appointment of an arbitrator, because you have referred to it. Does the department keep a list of qualified arbitrators from which you will be choosing?

**Ms. Raitt:** The department does keep a list, but we also solicit the current information of retired justices throughout the country. This is a trier-of-fact issue. We believe it is important to do consultations. We will do that internally and externally as well.

**Senator Murray:** It will be a retired justice, you are telling us?

**Ms. Raitt:** I am not saying who it will be. We have not made the choice of an arbitrator, senator. I am saying that it is more than just the regular list of mediators or arbitrators that are located within Labour Canada. It can include much broader consultation on the most appropriate name to deal with the matter.

**Senator Murray:** You mentioned retired justices; that is all. Let me express the hope that the appointment of the arbitrator will not be such as to exacerbate the sense of unfairness that is felt by one of the parties to this dispute, namely, the unions.

**Ms. Raitt:** I appreciate that, senator, and I will definitely use my discretion.

**The Chair:** Honourable senators, I have on my list Senator Meredith, Senator Baker, Senator Downe, Senator Di Nino, Senator Ringuette, Senator Kinsella, Senator Duffy and Senator Eggleton.

**Senator Meredith:** Ministers, thank you for appearing before us this afternoon on a day when most of us would rather be in service. However, this is such an important issue that we must discuss it and deal with it today. Thank you again.

Minister Raitt, my question to you this afternoon was raised earlier by members opposite with respect to this legislation, namely, that it is an attempt to send a signal to the rest of the public service unions across this country that they better not — and, I am paraphrasing here — go on strike or else the government will step in. Is this the position of your office, minister?

**Ms. Raitt:** No, it is not, senator. Actually, the situation with which we now are faced, namely introducing legislation, has indicated that the collective bargaining process did not yield the result that it was supposed to in this case. It is an extraordinary measure for us to go to Parliament and appear here today to request the passage of this legislation in order to bring people back to work.

We would hope that the lessons learned from this would be for the parties to understand that they have to negotiate at the table freely and fairly and that they have to ensure that they narrow

their issues themselves quickly so that it does not come to a head and parties determine that they would like to withdraw their economic tools from one another in order to further their negotiating power. If it is a matter of national public interest, then the government will intervene.

**Senator Meredith:** My final question is for Minister Fletcher.

Given the fact, Minister Fletcher, that you are responsible for Canada Post, have you made any recommendations to them — and Senator Jaffer raised this with respect to the atmosphere in which these employees are returning to work — to mitigate any further disruptions or potential vandalism of equipment, and so on, to ensure that they understand the intent of this legislation and that the employees are not in any way unfairly treated with respect to management and reprisals and so forth?

**Mr. Fletcher:** I would like to thank the senator for the question. I have not been in contact with Canada Post for quite some time, particularly since the filibuster in the other house. However, I am sure Canada Post, their officials and union leaders are looking at the deliberations. I encourage the honourable senator to raise this matter with Canada Post and CUPW officials when they come to testify here in the Senate later today.

**Senator Baker:** I will be brief in my questions, certainly within 10 minutes. They will be specific and they will be regarding points of clarification in the legislation. Certainly they will be questions that you would not hear in the House of Commons.

My first question is perhaps the least important one. Within the past two years, the federal court ruled on the use of word “must” instead of “shall” in a case called *Tulk v. the Attorney General of Canada*. It was a case in which a gentleman had used the word “must” instead of the Canada Labour Code use of the word “shall.” In this legislation, proposed section 2 states:

Unless otherwise provided, words and expressions used in this Act have the same meaning as in Part 1 of the *Canada Labour Code*.

From then on in the bill, the word “shall” that was used in all previous back-to-work legislation, dating back to the 1950s, has been replaced by the word “must.”

Why was that done? Does this place a greater onus on the employees in its use?

**Ms. Raitt:** I appreciate the question from the senator. I can give him all assurances that I did not hold the pen in drafting “must” versus “shall.” This was language we received from the drafters at the Department of Justice. No specific introductions were given by me or by my officials on the matter.

**Senator Baker:** My question to you is a very important one; we are dealing with the specifics of the legislation. What is the intent? Should we take the word “must” to mean the same as “shall” in the Canada Labour Code?

• (1350)

**Ms. Raitt:** I have just consulted with my official from the Department of Justice, and he indicates that the answer is yes.

**Senator Baker:** Good. Now let us turn to clause 6 of the bill, which is quite remarkable. I have an institutional memory going back quite some time.

**An Hon. Senator:** Pre-Confederation.

**Senator Baker:** Not quite, but almost.

Thinking back, none of the previous back-to-work legislation contained the same wording as appears in this clause. Clause 6 is important because it defines when the new agreement takes effect and the extension of the present collective agreement in the period of time that it covers.

Subclause 6(1) reads:

The term of the collective agreement is extended to include the period beginning on February 1, 2011 and ending on the day on which a new collective agreement between the employer and the union comes into effect.

If one looks at any other back-to-work legislation, and if one goes go back to 1997, which the minister referenced, one sees the additional words “except for the period beginning on November 18, 1997 and ending when this act comes into force.”

The reason for that in the previous legislation was to take into account the period during which Canada Post was not in operation. In other words, the provisions of the legislation did not apply to the period of time that Canada Post was not operating. This is problematic. I do not know if it is an error, but it is problematic because the old collective agreement — I will give the minister some time to talk to her officials.

**Ms. Raitt:** I just wanted to confirm what my thought was.

Senator, we have looked at the 1997 legislation. You are correct in that the wording is different. The reasoning was that we wanted to ensure that the employees, who had either been on rolling strike or most recently locked out, were eligible to receive their health benefits going back through the entire period. For those who had no health benefits from the time the collective agreement stopped, which would have been when they withdrew the health benefits, this was to ensure that they would be covered and that they could go back in time and recover any monies they had expended.

**Senator Baker:** What about their wages?

**Ms. Raitt:** No wages during the lockout.

**Senator Baker:** You say this is to extend, in the instance you mentioned. In other words, we do not have any period of time now in the legislation that is left out for purposes of the application of the bill.

If we turn to clause 7, it reads: "During the time of the collective agreement, as extended by subsection 6(1)," which extends right back, including now, the period of time during which Canada Post was not operating, "it is prohibited (a) for the employer . . . to declare or cause a lockout against the union" or they have violated the act and they have to pay \$100,000 a day.

It either applies or it does not. If it applies, then the employer is guilty of an offence under the act. I think that was the reason why that period of time was left out in all previous versions of the back-to-work legislation.

**Ms. Raitt:** Senator, the purpose of clause 7 is to ensure, on a go-forward basis, that there would be no lockout or strike. It does not apply to what has just transpired.

**Senator Baker:** The wording is, "During the term of the collective agreement as extended by subsection 6(1)," which extends it right back, "it is prohibited for the employer to declare or cause a lockout. . . ."

**Ms. Raitt:** Senator, I have been advised by my official from the Department of Justice that what I said is correct, namely, that it applies going forward. However, this clause and the previous clause do not allow for the conclusion that the strike was illegal when you apply and extend the collective agreement for that period of time. That is not the intention and that should not be the outcome, rolling strike or a lockout.

**Senator Baker:** That is not the intention of the legislation, although it reads the way it does.

Let me turn to the most important error, or what I consider to be an error; maybe it is not. Maybe there is an answer to this next question, which concerns a presumption in the bill. There is always a presumption at the end of back-to-work legislation. Prior to the presumption, clause 20 says the following, under which someone can become liable in civil proceedings:

If a person is convicted of an offence under section 18 and the fine that is imposed is not paid when required, the prosecutor may, by filing the conviction, enter as a judgment the amount of the fine and costs, if any, in a superior court of the province in which the trial was held, and the judgment is enforceable against the person in the same manner as if it were a judgment rendered against the person in that court in civil proceedings.

Only the person can be prosecuted.

One then turns to the presumption to find out who the person is. The presumption says: "For the purposes of this Act, the union is deemed to be a person," not the employer.

Let us go back to the 1997 act that Minister Raitt cited. Here are the words in the presumption: "For the purposes of this Act, the employer and the union are deemed to be persons." I do not know if that means that only the union can be prosecuted in civil proceedings.

**Ms. Raitt:** Thank you, senator. Before I begin, I should go back to the last question about retroactive illegality and any individuals protected under the Charter against that. That is not a concern.

With respect to the question that the honourable senator just posed, in review of jurisprudence it is true that sometimes the union indicates that it is a person. We know that Canada Post does not self-designate as a person. Therefore, the language is there to cover off both situations. In this case, we know that Canada Post is a person. In some cases the union is or is not a person, and that is why it is here, to cover off both cases.

**The Chair:** I must inform the honourable senator that his 10 minutes has expired. I have a list for second interventions by honourable senators. This is an extremely important series of questions the honourable senator is asking. Would the honourable senator like to be put on the list for the second round to complete this series of questions?

**Senator Baker:** Yes, please.

**Senator Downe:** Can the minister responsible for Canada Post advise as to whether the wage restraints that are being imposed on employees also include the senior management?

**Mr. Fletcher:** The honourable senator knows the answer to that question. This legislation deals with CUPW and Canada Post.

**Senator Downe:** Correct me if I am wrong. I heard the Minister of Labour indicate earlier the justification for the amount of the wage increase, and I cannot understand why the government would not indicate to Canada Post that they would anticipate that same standard for all employees of the corporation, including the senior management.

**Mr. Fletcher:** The honourable senator knows that this question would be more appropriate for the board of Canada Post or its CEO, who will be appearing later on today.

• (1400)

**Senator Downe:** Thank you for that answer, but I cannot understand the distinction. On the one hand, the Minister of Labour has given us the justification for the wage restraints. Why is that same justification not applicable to all employees, including the senior management at Canada Post? Maybe the Minister of Labour has a comment.

**Ms. Raitt:** From my perspective, we are bringing in legislation to end a work stoppage and bring workers back, and we can only deal with those who are bound by the collective agreement within this legislation. That is what we have done.

If your recommendation is that the government, itself, look at restrictions on the pay of bureaucrats and officials at Canada Post, we will take that back to our officials for appropriate discussion and determination.

**Senator Downe:** Every year, the senior management of Canada Post would have significant bonuses paid to them. Given the minister responsible for Canada Post has indicated that Canada Post is in a fragile position going forward, does the government have an opinion as to whether or not the bonuses should be restricted to the same increase that the employees of the corporation will receive?

**Mr. Fletcher:** The issue today is Bill C-6, and I would encourage the senator to focus on Bill C-6 to ensure that we get speedy passage so Canadians can begin receiving their mail in a timely manner.

If there are other issues the honourable senator would like to raise outside of Bill C-6, I am happy to meet with him or any other parliamentarian to discuss any concerns or suggestions they may have on a go-forward basis.

**Senator Downe:** Thank you for that. The reason I ask the question, as you well know, is because of what the Minister of Labour said on the justification for the wage restraint.

Would employees and Canadians not think there was a double standard being applied? If employees of the corporation are restricted for the next four years, what is keeping management from increasing their wages by whatever they deem is in their best interests? I am curious as to why the government does not have a position on that and would not broadcast that in some form to the management of Canada Post.

**Mr. Fletcher:** I have listened to what you have said. As honourable senators know, in the past, the government has imposed wage freezes on not only government employees but also parliamentarians. What we are talking about here today is Bill C-6, and we want to try to get postal services going again as soon as possible. This is important for the Canadian economy.

I have listened to the honourable senator's suggestion, and I look forward to discussing that at a more opportune time. Today we wish to get Bill C-6 through so we can get on with delivering the mail and ensuring Canadians are not adversely affected by unnecessary delays in getting this bill through.

**Senator Downe:** The Minister indicated the fragile position of Canada Post. Is he aware of or does he know the figure of how much the corporation returned to the Government of Canada last year in profit?

**Mr. Fletcher:** I do. They did not return anything to the Government of Canada. Any profit was reinvested in its infrastructure renewal program.

**Senator Downe:** What was that amount?

**Mr. Fletcher:** It was in the \$100 million to \$200 million range.

**Senator Ringuette:** My first question is for Minister Fletcher. Minister Fletcher, you have said that the work stoppage has cost Canada Post \$100 million. Is that correct?

**Mr. Fletcher:** At the time of the lockout, that is correct.

**Senator Ringuette:** At the time of the lockout?

**Mr. Fletcher:** The rotating strikes had cost Canada Post \$100 million to that point, yes.

**Senator Ringuette:** Since the lockout, what has been the loss to Canada Post?

**Mr. Fletcher:** Before the lockout, Canada Post was losing, I understand, about \$22 million to \$24 million a day. After the lockout, Canada Post was losing approximately half of that, \$10 million to \$12 million a day at present, the difference being that since the lockout, there are no labour costs to cover, which were costing Canada Post an additional \$10 million to \$12 million.

**Senator Ringuette:** Okay. I understand the difference.

You do realize that last year, your government removed the ability of Canada Post to make income of \$80 million a year in perpetuity by removing their exclusive privilege for outbound mail? It seems, and I have read all the questions and answers at the time, that Canada Post was very well off and could absolutely sustain that loss in revenue. These were comments that came from members of your government.

Because you have removed this exclusive privilege in perpetuity, removing at least \$80 million per year in revenue to Canada Post forever and ever unless you give exclusive privilege of outbound mail back to them, then the government itself has caused a loss of \$80 million of revenue to Canada Post. I understand you were not the minister responsible at the time of last year's omnibus budget bill, Bill C-9, but you were still part of that cabinet decision.

**Mr. Fletcher:** In regard to international mail, the government did remove the exclusive privilege, but Canada Post still does compete in that market. You are illustrating the point of why it is so important that Canada Post proceed with its infrastructure renewal program. You are actually helping to illustrate the point that the work stoppage, as it now exists, is accelerating. People are changing to other forms of delivery of information and packages, and this has been very detrimental to Canada Post.

While I disagree maybe with the motive of your question, I think the end result is clear, that Canada Post needs to change with the times, and that is what is occurring.

Specifically, today is about Bill C-6; we want to get mail flowing again. We can talk about these other issues, but that does not help to get the bill passed in a timely manner.

**Senator Ringuette:** Minister, I am sorry, but this is part of a whole issue in regard to the current government consistently trying to remove profit generating from Canada Post since 2007, and today you are in front of us saying that this lockout is costing \$10 million per day. You did not seem to mind removing \$80 million from Canada Post's revenue last year, but I guess we can go on and on where you will argue your point and I will argue mine.

My other question is to Minister Raitt. You have stated, Minister Raitt, that since 1997, there have continuously been bad labour-management relations at Canada Post. I hope you will retract that statement, because I was working at Canada Post during that period of time, from 1997 to 2002, and there were no bad labour-management relations at that time. I wish for you to retract that statement and ensure that the rest of this discussion is based solely on facts.

• (1410)

**Ms. Raitt:** I thank the senator. As the senator would know, between 1997 and 1999, the Government of Canada spent \$2.1 million to help these two parties try to achieve a collective agreement. Indeed, one was eventually found.

My comment was directed toward the fact that we are still in a situation where we do not have a collective agreement bargained, and the parties to the dispute are unable to narrow it. I think it can fairly be said that there were not constructive labour union and management relations during the time of the arbitration as it took so long for them to get to the conclusion, and I stand by my statement.

**Senator Ringuette:** I beg to differ, but I move on to my other question about clause 11(2) in Bill C-6. It reads as follows:

In making the selection of a final offer, the arbitrator is to be guided by the need for terms and conditions of employment that are consistent with those in comparable postal industries. . . .

For our benefit, could you state what “comparable postal industries” are?

**Ms. Raitt:** We will leave it to the arbitrator to determine exactly where to look. We would presume the arbitrator would look in the private and public sectors, and he or she can look internationally to any other kind of postal service available.

**Senator Ringuette:** Why is it necessary to put that here? You have already decided what the salary will be. You have already decided what the pension will be because you have established the same ratio of solvency. What is the purpose of this? I have never seen a statement in a piece of legislation similar to “comparable postal industries.” This is a national Crown corporation, and if you want to compare apples and apples, that is fine. However, if you want to compare apples, oranges and pears, that is a different story.

I would like to know what comparable postal industry would be used with respect to this section of the legislation.

**Ms. Raitt:** To be clear, the issues that we have set out in the legislation as determined are just term and wages. The guiding principles for an arbitrator are just guiding principles. The arbitrator can choose to look at comparable postal industries and at broader industries. Indeed, the issues of pension have not been determined. Certainly, the issues of work methods, which are specific to the postal industry, have not been determined. Short-term disability has not been determined nor have health and safety matters. They should be compared to something that makes sense for them to be compared to — a specific type of industry. As I said, it is anticipated the arbitrator will look at the private and public sectors and, indeed, internationally, but it truly is up to him or her as to where to look.

**Senator Ringuette:** What is a private-sector comparable postal industry?

**Ms. Raitt:** There are some in other countries.

**Senator Ringuette:** We are looking at national legislation. Can you name some in Canada?

**Ms. Raitt:** In terms of comparable postal industries, we are asking the arbitrator to do that analysis. Is there something in Canada that he or she can look to? We are not presupposing where the arbitrator will look to find comparators. We would like the arbitrator to stay within the same type of industry because some of the matters still at the table are specific to the industry in question.

**Senator Ringuette:** The legislation reads as follows —

**The Chair:** Honourable Senator Ringuette, I would like to inform you that your 10 minutes are up. Would you like to be added to the next list?

**Senator Ringuette:** Yes, please, I would.

**Senator Kinsella:** Minister, I want to draw your attention to clause 22, which provides:

This Act comes into force on the expiry of the twenty-fourth hour after the time at which it is assented to.

Could you explain that for us? If, between this very moment and 24 hours after the bill is adopted, the parties come together and arrive at a collective agreement, what is the application of the bill that has been passed by both houses but has yet to be assented to? What happens if the parties get together in this interval and reach a collective agreement?

**Ms. Raitt:** The parties, if they are negotiating now, if they choose to negotiate when they come in here later today, have until Royal Assent to do their own deal. If they continue to negotiate after Royal Assent, even within the 24-hour period or longer, prior to the decision of the arbitrator, they can do their own deal, save and except for two areas, the first being term and the second being wages, which are being set by this legislation.

**Senator Kinsella:** If they reach agreement on those two items and other items, they effectively arrive at a new collective agreement. Would that new collective agreement apply? If it is accepted in principle, the members would subsequently vote. Would the application of this act be held in abeyance, or would the act overtake any agreement reached before the end of that 24 hours as provided for in clause 22?

**Ms. Raitt:** It is the technical aspect of the coming into force of the act versus the Royal Assent. As I said, if, prior to final vote here and Royal Assent, the parties reach a deal on everything, then their collective agreement is the one.

If it happens after either Royal Assent or the 24-hour period — I am unsure which one is the trigger, so I will ask my officials to look at that for me — it would only be on the two issues of whether or not the term is four years, and on salary increases. That would be the question.

They can agree to the others themselves until the time the final selection offer binding arbitration 90-day period is concluded.

**Senator Kinsella:** As Minister of Labour, you would continue to encourage the parties to negotiate with each other, and that would be to the benefit of the bilateral relationship that exists as well as, should this bill become law, in facilitating the implementation of the act.

**Ms. Raitt:** Absolutely, senator, the best deal that the parties can get is the one they reach themselves, especially as there are a number of matters still on the table the parties are very far apart on.

The officials have indicated that once we have Royal Assent, regardless of the 24-hour period, the wages are set and the term is set. The remainder is for the parties to do their own deal, should they do so. Labour Canada officials stand ready to help them as well, should they wish to have our intervention.

**Senator Duffy:** Minister, I received a BlackBerry message from a retired labour leader who asked that I bring it to the attention of senators and ask you to comment on it. In this legislation, we heard strong words in the both houses. This legislation only applies to workers in the federal sector, and he points out in his note to me that the vast majority of workers in Canada are actually under provincial labour codes.

**Ms. Raitt:** Indeed, this collective agreement and this legislation apply to the 45,000 Canada Post workers. As a federal jurisdiction, we are 10 per cent of the entire employers in Canada. It is a very narrow portion of the total Canadian economy. It is an important portion because it is rail, transport services, mail, banks and communications. However, it is indeed a small part of the total amount. Thank you for that.

• (1420)

**Senator Cools:** Mr. Chair, I would like to begin by welcoming Ministers Fletcher and Raitt and thanking them for appearing before us.

It is not a simple or easy matter for any minister of the Crown to appear before the Senate in Committee of the Whole. You must be aware, minister, that many of us are aware that these situations are difficult. I thank you, and I admire you for your calm.

I would like to thank you as well, in particular, Minister Raitt, for your openness with us and your affable nature. I say that because too often in the past when ministers of the Crown have come before committee there has been a lack of openness.

I confess to senators that I do not pay sufficient attention to labour disputes and the very unpleasant business of back-to-work legislation. I believe that when any situation reaches such a stage it represents a failure. War represents a failure of politics, and the very act of legislating workers back to work represents a failure of the give and take of negotiation.

This is not something that I like or welcome. I have always viewed back-to-work legislation as a necessary evil, and I tend to leave these questions to those who know more about labour matters and labour disputes. I make an exception today because I have become aware of the extreme negativity in this city about

this strike and lockout. I have heard postal workers, the government and Canada Post management described in most unpleasant language.

Mr. Chair, I am a little bit older than many senators here now. I recall that for years and years there was much labour unrest around the postal services. I remember the days when we called the workers "posties" and we called the minister the "Postmaster General." Labour disputes are the kinds of things we should deal with as evenly as possible.

I am looking at clause 11(2) on page 4 of the bill, which deals with the principles that should guide the arbitrator. It reads in part:

In making the selection of a final offer, the arbitrator is to be guided by the need for terms and conditions of employment that are consistent with those in comparable postal industries and that will provide the necessary degree of flexibility to ensure the short- and long-term economic viability and competitiveness of the Canada Post Corporation. . . .

I have never seen a clause like that. Could you explain why the words "the short- and long-term economic viability and competitiveness of the Canada Post Corporation" would be inserted into the bill? Could the minister begin by telling us whether there is any danger as to whether, in the short- and long-term, Canada Post will be economically viable and competitive?

Second, why has the government, in its wisdom, deemed to burden an arbitrator, whose job is arbitrating, with having to pay extreme attention to the short- and long-term economic viability and competitiveness of Canada Post Corporation? I believe that those two issues rest solidly with management. If I am misunderstanding, I am quite open to be put on the right path, but why would a statute burden an arbitrator with such a notion as the short- and long-term viability of the organization?

**Ms. Raitt:** Thank you, senator. I appreciate your words at the beginning as well. It is a once-in-a-lifetime moment being able to sit here in the Senate to do this. Although I love being here and the hospitality is lovely, it is much preferable for us all, I am sure, to be doing other things on a Sunday afternoon.

The guiding principles you have quoted have their genesis in what was heard at the bargaining table. Perhaps CUPW will tell you this today. They certainly told us, and me personally, that they very much recognize that their own benefits and livelihoods are directly linked to the short- and long-term economic viability of the corporation. They want Canada Post to do well. They like their jobs. They know that they provide good wages and good livelihoods for their 45,000 workers, and they continuously submit ideas to management to help improve the competitiveness and productivity of Canada Post.

Definitely, both parties at the table know, regardless of how this collective agreement is concluded, that there are currently challenges associated with the industry. They see the reduction in mail volume, and they also see that there is an opportunity in packages or other business models that they might enter. This was

a commonality; this was the easiest part of the guiding principles because both parties do care, quite frankly, about the short- and long-term economic viability. Although he or she does not have to take our word for it, we would hope that the arbitrator use his or her mind in going forward in terms of making the final offer selection.

To conclude, the good news is that over 95 per cent of negotiations in the federal sector conclude naturally of their own accord without a work stoppage. That is an excellent statistic. We have seen a decline of work stoppages in Canada, which bodes very well for the economic viability and competitiveness of the country. The parties are putting much effort in at the table to get their own deals. We appreciate that.

It is unfortunate that we are here today. I hope that the parties will take a hard look at the styles that brought them here to this point and determine not to do that again.

**Senator Cools:** I take it that you have great confidence in the short- and long-term viability of Canada Post.

**Ms. Raitt:** I believe that the employees and management have that as their top priority.

**The Chair:** I have no more names on my list of honourable senators who wish to ask questions on the first round. Are there any other senators who wish to pose questions or make an intervention on the first round?

There being none, Honourable Senator Jaffer on a second round.

• (1430)

**Senator Jaffer:** Minister, I would like you to clarify something. I asked you a question about salaries. In your opening remarks, you spoke about restraint. I may have read this wrong, but I heard that the head of Canada Post gets a 33 per cent bonus for any monies saved by cutting salaries. Going to the guiding principles again, I understand that the CEO gets a 4 per cent salary increase plus 33 per cent bonus. The inflation rate is 3.3 per cent. Workers wanted a 2.75 per cent increase, Canada Post offered 1.9 per cent, and you imposed 1.5 per cent. Can you clarify that for me, please?

**Ms. Raitt:** With respect to your first question, senator, I am of no help for you in determining what the bonuses are at Canada Post. It is not my Crown corporation.

**Senator Jaffer:** That is a question to Minister Fletcher.

**Ms. Raitt:** On the second question, the choice associated with the quantum of increases we put in section 15 is not related to what was happening at the bargaining table. It is completely related to what happened in a separate negotiation with PSAC, the Public Service Alliance of Canada, and also what is happening in private industry in terms of increases. The number we chose is divorced from what was happening at the table because, quite fairly, the numbers at the table were associated with a broader package of issues that were not decided. We decided to deal with the matter within our purview.

We have not included here a cost of living allowance. It is not in the legislation. That matter is left to the parties to make a determination in their final offer selection of how they would like to approach that matter, but the base increases were included for the reasons I have given.

**Mr. Fletcher:** On the first point about compensation for the CEO and upper management, those are board decisions for members of the board of directors of the Crown corporation. The government is not involved in that at all. I appreciate the point, and I am sure the board of directors will listen to any suggestions that senators would like to provide.

**Senator Ringuette:** I want to return to my issue about comparing apples and oranges and pears in clause 11(2). Minister, if you have put this consideration into legislation, then you must have had comparable institutions in mind by name. Could you tell us the apple-to-apple comparable postal industry that will be used?

**Ms. Raitt:** In the drafting of the legislation, there was never a single entity referred to with respect to setting out the fact that we would like to have a comparable postal industry looked at. However, I go back to saying that the purpose of clause 11(2), to provide the guiding principles to an arbitrator, is to give the arbitrator our perspective of the issues that were left outstanding and in dispute at the table, as well as some guidance as to how we would like to see the arbitrator approach it. First, it is completely up to the arbitrator, and second, it is not appropriate for me to set the expectation of what the arbitrator should look at. We are saying that, generally, we understand there are work method issues that are at the heart of the dispute and that a postal industry of a comparable nature should be looked at. I am indicating that, in my view, if I were in the shoes of the arbitrator, I would look at whatever is available in the private sector and what is available in the public sector in other countries as guidance. However, the arbitrator may deem that there is not any comparable postal industry and choose another industry to compare to. That is perfectly provided for in the legislation.

**Senator Ringuette:** Madam, if I understand correctly, the current legislation says that both the employer and the employee will provide their best offer, and the arbitrator will choose between one or the other. Therefore, as a whole, not issue by issue, what is the purpose of this comparative guide that you mandate the arbitrator to use? You do not say "may." You say the arbitrator "is" to be guided by the need for terms and conditions of employment that are consistent with those comparables. What you are describing is a third option, and a mandatory one, because you say "is" to be guided.

In one clause, you say that an arbitrator can define the degree of flexibility and short-term economic viability and competitiveness of Canada Post, but in another clause you say there is no grey zone for the arbitrator. The arbitrator will receive two sets of proposals: One from Canada Post management and one from the union. He or she has to choose between these two. Again, what is the purpose of clause 11(2)?

**Ms. Raitt:** Thank you, senator. You are correct that the method of arbitration that we have chosen in this case is final offer selection. One party will set out their final offer, and the other

party will as well. They place them before the arbitrator, and the arbitrator decides. The government has provided guiding principles, but these guiding principles are transparent and they are here in the act. The important part of them being in the act is so that the parties themselves will see how to shape their final offer in order to ensure that they are within the guidelines that the government is suggesting that the arbitrator utilize. The arbitrator can use many other guidelines, should they choose to do so themselves. Indeed, it is completely within the purview of the arbitrator to say, "It is impossible to find a comparable postal industry. Therefore, I cannot be guided by this principle, and I will use something else." We understand that is a possibility, and that is the flexibility inherent within the guiding principles. We would like to have the final offers guided by these specific matters because these are the matters that were at the heart of the differences at the bargaining table, and these are things that should be taken into consideration moving forward.

**Senator Ringuette:** I understand, and that is why it is even more important that you identify right now, for these two parties that will be submitting their final offer, the comparable postal industries that you are referring to. It is important. If your intention is for these guidelines to be used by both parties in their final offer, then you must disclose what those comparable postal industries would be. You are saying, "We will use comparable postal administration." Actually, if it is not for the arbitrator to use but for those two entities in this dispute to use as their final offer, then it must be disclosed. It must be disclosed now. What are those comparable postal industries, for both the entities involved in this legislation?

• (1440)

**Ms. Raitt:** Thank you, senator, again for the question. I am thankful that I am not the arbitrator in this matter. We have taken the matter as far as we can.

The arbitrator will have their own guidance as to what is appropriate, but do not underestimate or put in *de minimis* what I indicated with respect to the parties. The parties will have the ability in their final offer to indicate to the arbitrator what they would see as the most appropriate comparable industry. I am sure they would take that as their advice and would look to the guidelines and approach it in that way. In that case, the guidance will be helpful for the arbitrator in terms of the general need to have terms and conditions that are not only comparable, but also give flexibility for economic viability. They all work together; they are appropriately there.

To give you another example, it will be up to the arbitrator to determine what degree of flexibility ensures short- and long-term viability. These are things that an experienced arbitrator-mediator, who is used to making decisions, will be guided by and choose to take the advice; but it is not prescriptive and it is certainly not taking the power out of the hands of the arbitrator to make the decisions they need to make in determining the final result of the arbitration.

**Senator Ringuette:** I do not think we will agree on this one, minister. My final comment, again, refers to subclause 11(2), which states:

... to ensure the short- and long-term economic viability and competitiveness of the Canada Post Corporation ...

Although you were not directly responsible, last year, in taking away in perpetuity \$80 million of the exclusive privilege of Canada Post to generate revenue, you have, yourself, as a government and part of the government, removed the short- and long-term economic viability and competitiveness of Canada Post.

**Ms. Raitt:** Thank you for the comment, senator.

**The Chair:** Honourable senators, we have reached the end of names of honourable senators who wish to make interventions.

Honourable senators, it remains for me to say to Minister Raitt and Minister Fletcher, on behalf of all honourable senators, thank you for joining us today to assist us in our deliberations and our work on Bill C-6. I would also like to thank your officials for coming here today. You are now free to leave the Senate chamber.

Honourable senators, we have, from Canada Post Corporation, Deepak Chopra, the President and Chief Executive Officer, and Jacques Côté, Chief Operating Officer, who are available to appear. Is it your wish, honourable senators, to hear from them at this time?

**Hon. Senators:** Agreed.

**The Chair:** I would like to welcome Mr. Deepak Chopra, the President and Chief Executive Officer of Canada Post Corporation and Jacques Côté, the Chief Operating Officer of Canada Post Corporation.

Welcome to the Senate.

I would invite you, Mr. Chopra, to make an opening comment. Following that, you will find that honourable senators may have some questions they wish to put to you.

**Deepak Chopra, President and Chief Executive Officer, Canada Post Corporation:** Thank you, Mr. Chair, and members of the committee. My name is Deepak Chopra and I am the Chief Executive Officer of Canada Post. Joining me today is Jacques Côté, the Chief Operating Officer of Canada Post Corporation.

• (1450)

Mr. Chair, we appreciate your invitation to appear representing Canada Post. However, we deeply regret the circumstances that have brought us here today. We are disappointed that Canada Post was unable to reach an agreement with the Canadian Union of Postal Workers. We have successfully negotiated agreements since 1997 with CUPW, but the financial circumstances and the market reality we find ourselves in today are drastically different from what we faced during the past agreements.

Short of taking on an expensive, long-term cost burden proposed by the union, we have exhausted every avenue available to us in order to end this impasse. We patiently negotiated even during 12 days of rotating strikes that played havoc with our business earlier in the month.

Canada Post runs the country's largest logistics and transportation network. Every element of the network is integrated and interdependent. Patiently, we managed the best we could, even when major markets such as Winnipeg, Montreal and Calgary were targeted.

In addition to the logistical turmoil caused by the rotating strikes, our financial losses were mounting. Customers stopped mailing or found alternate solutions. Through this period of rotating strikes, Canada Post and CUPW remained far apart on several fundamental issues. There had been no progress made at the bargaining table.

Canada Post has an obligation to provide affordable postal services to the people of Canada — not just for the foreseeable future, but for decades to come. Canada Post's immediate challenges have been well documented. Mail volumes have fallen by 17 per cent per address since 2006, and the company is struggling with a pension solvency deficit of \$3.2 billion.

As our market and competition are evolving, we are moving to keep up by investing in our network across the country. We are investing \$2 billion to ensure our infrastructure is future ready. We are looking at our labour costs with the same long-term lens. It is with this in mind that Canada Post proposed changes to employees who will make up our workforce in the future. Under our last proposal, new hires will still be offered wages that are better than what is available at the other logistics and delivery companies. They will still be able to enjoy a fully indexed defined pension plan by age 60.

While we had proposed a new deal for new employees, it is our existing employees that I would like to talk about today. At the start of these negotiations we promised that we would not address the future viability of this company at their expense. We are keeping that promise. We believed we could reach a negotiated settlement because we were promising to keep our current employees whole. We offered to increase their wages, protect their existing fully indexed defined benefit pension plan and maintain their job security. Our employees work hard and deserve the compensation they receive. We have to make changes, but they will not be at their expense.

We are mindful of the impact this long process has had on Canadians and, indeed, on our own employees. When I joined the corporation back in February of this year, I spent my first day meeting with the leadership of all our unions, including CUPW. I am acutely aware of the work ahead, and I have shared my desire to work with them to create a successful Canada Post for the future generations of Canadians.

We are constantly striving to find the right balance between the competing needs of our stakeholders. Canadian taxpayers do not want Canada Post to become a burden on them; our customers do not want us to pass on additional costs through higher prices. We must protect wages and benefits, including the defined benefit pension plan for our current employees, while remaining competitive in a changing marketplace. Yet, we must ensure the long-term financial viability of Canada Post.

These are indeed difficult decisions and Canadians expect the management of Canada Post to act responsibly. Mr. Chair, thank you for the opportunity to appear before you today.

**The Chair:** Thank you very much for your opening remarks.

Mr. Côté, do you wish to add some remarks before we go to questions and interventions?

**Jacques Côté, Chief Operating Officer, Canada Post Corporation:** No, thank you.

**The Chair:** Honourable senators, I would like to call on Senator Downe.

**Senator Downe:** My question is for the CEO. You are hired by cabinet; is that correct? You are a Governor-in-Council appointee?

**Mr. Chopra:** It is a Governor-in-Council appointment, but the board of directors conducted the recruitment process.

**Senator Downe:** Yes, but the final approval for the hiring was by cabinet, through Governor-in-Council?

**Mr. Chopra:** My interaction was with the board through the recruitment process.

**Senator Downe:** Your salary would have been set by a salary range by the Governor-in-Council as well?

**Mr. Chopra:** That is correct.

**Senator Downe:** Have you received any instructions or indication from the government that the government-wide wage restraints that are universal now should apply to yourself and other senior management of Canada Post?

**Mr. Chopra:** No, we have not.

**Senator Downe:** If you did, would you entertain them as a sign of good faith because it is being done across most areas of government?

**Mr. Chopra:** Canada Post wage structures for our bargaining units are determined through the bargaining process. Management's is determined through recommendations that management makes to the board. That is the process we follow and try to look at the long-term viability of the company as the criteria.

**Senator Downe:** You are well aware of what is happening across the government, though. There is a freeze in some sectors, parliamentarians, for example. There have been restrictions in others, as the Minister of Labour indicated, of 1.5 per cent as reflected in the bill before us.

If asked by the government, you would have, as I understand from your comments, no restraint in putting in 1.5 per cent for senior management of Canada Post?

**Mr. Chopra:** As I indicated earlier, the process of determining compensation for management is done through the approval of the board. That process will continue to be the case. I am certainly aware of the restraints across the country, whether it is in the private or the public sector; certainly I read in the papers the same information as I imagine you would. That certainly plays as one

of the factors as we make our recommendations to the board. More importantly, however, we have to ensure that we have the best talent that we can retain and attract and keep the corporation viable.

**Senator Downe:** As you indicated, you make recommendations on the salary increases for the senior management. As CEO, I assume that you would also make recommendations to the board for any bonuses for senior management?

**Mr. Chopra:** Regarding the bonuses, I cannot speak for the historical matters because my tenure began in February of 2011. However, that would be a normal process where the management has its objectives, which are set at the start of the year, among other things. At the end of the year, an evaluation process takes place. That evaluation process will take into account several factors, along with the objectives set at start of the year. For senior management, the CEO will make recommendations to the board.

**Senator Downe:** I assume that, as CEO of the corporation, where you need everyone working for the same objective, namely to provide the best available service at the lowest possible cost, that it would be in your interest to have increases restricted not only for salaries but also for bonuses to the level that the government is requesting government wide. If you had that request from the government, you would certainly entertain it and recommend it to the board as CEO?

**Mr. Chopra:** I will repeat my answer again: my interaction and accountability is to the board of directors. We do not have any direct instructions from the government to conduct our day-to-day operations. As I reach that stage when we conclude this year's performance analysis for our senior executives, I will be making my recommendations to the board, taking into account several factors.

• (1500)

Government restraints are one factor, but one needs to take into account many other aspects of retaining a team that is capable of delivering results, as is the case with any corporation that is trying to strike the right balance amongst competing priorities.

**Senator Segal:** I want to thank Mr. Chopra and his COO for joining us today and helping us through this legislation.

I want to impose on you, if I could, as an executive who has had broad experience in this industry. Specifically, I think of your distinguished years at Pitney Bowes, being in charge of both Latin America and Canada. In the logistics business, clearly some serious constraints and opportunities are being imposed by technology, including comparative wage rates, finding competent executives to deal with truly complex areas of operation, and of course matters such as energy costs.

As you will know, the history of Crown corporations in Canadian is to fill market niches that are not otherwise being filled. When many of these corporations were created in the past — and few are as old as Canada Post, at least in terms of its

departmental and Crown corporation status — a huge market niche had to be filled. There was a gap that was not being provided by the private sector in any way.

I do not think it is excessive to say that that gap and the competitive environment has changed, which would not be a dissimilar circumstance to that which you would have faced with Pitney Bowes in dealing with its competitors worldwide in that context.

Much of the anxiety expressed during the debates in the other place circled around the notion that what the government is really doing is not trying to put together fair-minded back-to-work legislation, giving an arbitrator an important role in sorting things out because management and labour were unable to do so, despite perhaps best efforts on both sides; rather, somehow there is a real, secret plan to do away with Canada Post as a public instrument, believing that somehow the private sector can occupy that space more effectively and efficiently.

Because of your experience both in the private sector and now as the very able leader of Canada Post, could you share your view on some of those dynamics? I understand there is information that you cannot always share in this particular forum. However, as CEO, your perspective on that competitive framework going forward would be of great value to all of us as we consider this legislation.

**Mr. Chopra:** Thank you for the question. This relevant and highly complex question is being faced by postal administrations around the world. Our neighbours to the south are facing interesting challenges with regard to the changing behaviour of consumers, especially in the mail industry.

On the one hand, senator, we are seeing an inflection point where electronic substitution is starting to take on a much more accelerated pace than we have seen in the last decade. During the dot-com period, we saw a lot of experiments. Many experimental companies were trying to establish online businesses, and they are now much more mature. The advertising industry has changed such that online and social media advertising, not traditional paper-based advertising, is becoming viable.

On the one hand, the traditional part of our business that has kept us growing and has ensured that we can provide services to all Canadians at one uniform rate was never in the past under such an attack as it is now.

As we look at other aspects of our businesses, such as parcels, packets and other segments, those businesses are now facing global competitors. Those competitors bring to bear different technologies and capabilities and a different competitive base, and that is also steering us. If we look at our three businesses, we are currently structured as transaction mail, direct mail and parcels. We have aggressive competition, both from traditional and emerging technologies.

If this situation were unique to Canada, we could perhaps look at this in a unique way. We are now in a global environment, and people supporting Canadian consumers through advertising may not even be operating in the Canadian marketplace. Therefore, we see some challenging times ahead of us.

Since the last negotiations with CUPW in 2007, the world has changed. The world has changed immensely through the financial meltdown. This is the natural round of negotiations where we could have shared with our union the state of the nation in which we find ourselves. That is the spirit that has driven us.

More important, even in the backdrop of all the challenges I have shared with you, the guiding principle has been that if we can preserve all the benefits for our existing employees, including a defined benefit pension plan, as well as offer wage increases and retain job security, we will be able to do this over a longer period. These are structural changes that cannot be done overnight. The decisions we make today — our pension decisions and so on — will have an impact for decades to come.

This is indeed a complex situation that we share with the union at great length, including myself and my chief operating officer. That is where I see the marketplace.

**Senator Segal:** Could I ask the inverted question, if I may? I was in the employ of Her Majesty some years ago when Purolator was acquired by Canada Post. At that time, the argument was made against the acquisition that there are already companies in the marketplace — namely, UPS and FedEx — so why would we be acquiring and adding Purolator to Canada Post? I think it was the view of the Honourable Harvie Andre — who was the minister at the time — and Canada Post management that this was an important competitive acquisition for us to make to ensure our market share going forward. I am led to believe that Purolator is now a substantial contributor to the positive cash flow of the corporation.

Is there any inhibition or constraint now being imposed upon you by the shareholder with respect to other tactical or strategic acquisitions that might make sense — on merits, of course — for analysis and assessment as you go through this frame of reference looking to ensure Canada Post's capacity to be of service in the future?

**Mr. Chopra:** Thank you, senator. That is a great question. There are two parts to your question, the first being about Purolator.

If ever there was an integral asset for the Crown that is important to us for growth in e-commerce, I think Purolator is it, especially in the backdrop of declining letter volumes, which I referred to in my opening remarks. Packages and parcels are a competitive landscape, and Purolator is an important element that will help us sustain the business longer term. Indeed, we hope to generate cash flows and dividends from that investment.

Your second question is about constraints. In my early tenure, I have not had a chance to put together an operating plan for the next five-year cycle, which I will be working on with my team. Unfortunately, these circumstances impose on us even greater pressures. We will be putting together all of those options for consideration with our board and appropriate departments in due course.

**Senator Mercer:** Gentlemen, welcome to the Senate. We appreciate your being here. I know you have been busy.

Our previous witnesses, Minister Fletcher and Minister Raitt, had a number of things to say. In particular, Minister Fletcher said this issue comes at a critical time for Canada Post Corporation. It surprised me that he went on to say that he has not met with senior management. Mr. Fletcher is new in his post.

Have you met with Minister Fletcher since his appointment to cabinet to oversee Crown corporations?

**Mr. Chopra:** Yes, I did meet with him.

**Senator Mercer:** Then I must have misunderstood Minister Fletcher's comment. I apologize to him if I did.

How often would you meet with the minister?

**Mr. Chopra:** It is not a frequent occurrence. This was an introductory meeting to introduce myself after Minister Fletcher's appointment.

• (1510)

**Senator Mercer:** Minister Fletcher did say this came at a critical time and that you were at this crossroads, as we have heard. If that is the case, why lock the union out? We all understand that the rotating strikes were having an effect; that is the purpose of them, from the union's point of view. However, the mail was still getting through, not as promptly as normal or as efficiently as it was before; we all understand that. However, there was still revenue coming in and the product was still moving across the country.

I do not understand how you reached this decision of locking out the employees when you were at, as Minister Fletcher said, a critical time for Canada Post Corporation.

**Mr. Chopra:** It is a question that we spent considerable time on. Like most decisions at Canada Post, nothing is easy; nothing is black and white. There are complex circumstances that lead to these decisions.

Let me give you the three dimensions that I evaluated this decision against, along with my senior officials. The first dimension was whether we could sustain the network. Canada Post's network is the largest logistics network in the country. One may mail a letter in Flin Flon, Manitoba, but it may head through any of the 192 countries of the Universal Postal Convention and go through multiple steps, such as our international sortation and international hubs in Vancouver and Toronto. Therefore, the network is highly complex.

As each city was being announced during the rotating strikes, giving us barely a few hours of notice, it was very difficult to plan transportation. We have airplanes waiting and 7,000 vehicles on the road at any given time. We tolerated those strikes for 12 days, with large cities going down and us recovering from those circumstances. Increasingly, the ability to provide a reliable and predictable service, even if it was not predictable, was getting very difficult in addition to keeping the infrastructure together. Network was one of the criteria.

[ Mr. Chopra ]

On the very last day of the rotating strikes, we heard from the union that Toronto and Montreal will be shut down. Between 60 and 70 per cent of national mail originates from those two hubs, and the downstream implications of that would have been monumental. We kept that going as long as we could. That was one dimension.

The second dimension was financial losses. We started to see a sudden change in our customer behaviours wherein customers started to become very concerned in that if they put something in the system and the Canadian Union of Postal Workers announced a general strike, their mail might become trapped in the system. We have customers sending bees, chicks and other perishable products through the mail. If they had become stuck in our system, there would have been devastating consequences.

Therefore, financial losses were starting to build as customers started to use other alternatives as opposed to the mail system because it was no longer reliable and predictable.

The third dimension that I took into account was how well the negotiations were going. If the negotiations were progressing better than we expected or heading in the right direction, we would have looked at that decision in a very different context. However, we were not seeing any movement on the structural issues that we had presented to CUPW on any of the issues.

When one puts all of those dimensions together, they start to paint a picture of a business that is going nowhere but down, yet the wage bill for all employees was still intact. Therefore, we had to make a very difficult and painful decision of trying to force the union to start looking at our proposals and start talking in a more serious manner. Otherwise, the alternative could have been more rotating strikes, possibly with a general strike that would have gone on all summer. It is important that we provide our customers predictably and some sense of assurance that they can rely on the postal network.

**Senator Mercer:** I guess the final dimension did not work very well; you did not get the union to move a heck of a lot, which brings us to where we are today.

I heard mentioned in a speech earlier today in this place that over the past number of years Canada Post has been laying off workers, finding people's positions redundant and/or finding other reasons to terminate employees who are close to retirement age. Do you have any idea how many employees have been within shooting range of retirement that Canada Post has let go in the past number of years? How much money has Canada Post saved by doing so?

**Mr. Chopra:** Let me answer the first part of your question, and I will ask Mr. Côté to address the specific details.

The employees bound by the collective agreement have job security, so to the best of my knowledge, there have not been any layoffs of employees who are under collective agreements.

Since the 2007-08 financial meltdown and the impact we started to see in 2008-09, management has taken several steps to contain costs and reduce cost structure wherever possible. I am not aware

of situations where employees who were close to retirement were somehow laid off, but I will ask my colleague to address the specifics.

**Mr. Côté:** To come back to what Mr. Chopra was saying, during the recession in 2009, Canada Post saw a decline of their revenue of \$500 million for that year. In order to keep the competition comfortable, Canada Post had to take action on a number of fronts. As part of this process, Canada Post reduced management ranks by 15 per cent, so layoffs took place on management alone. With respect to the union, the only thing that happened is people were retiring; in other words, they left on attrition and they were not replaced.

A question was asked earlier about pay increases. For example, last year, management received a pay increase of 1.5 per cent and the union received an increase of 2.75 per cent. As well, all new management at Canada Post are going to a defined contribution plan and not a defined benefit plan.

The management at Canada Post has been taking action over a number of years in order to reduce costs and ensure the company remains profitable. We are not trying to keep Canada Post profitable at the expense of our unionized employees, but we are addressing every aspect of the corporation in order to keep it profitable.

**Senator Mercer:** On that subject, to follow up on Senator Downe's line of questioning, you say there was a 1.5 per cent increase for management in this period. Does that include bonuses?

**Mr. Côté:** The bonuses are not being increased. They are often paid on the wage.

**Senator Mercer:** However, if you give a management employee a 1.5 per cent increase, if they qualify, they also receive a bonus on top of that, right?

**Mr. Côté:** It actually depends on the performance of the company.

**Senator Mercer:** I appreciate that, but still, many of your employees in management do get bonuses on top of that 1.5 per cent.

**Mr. Côté:** Yes, that is true. Bonuses were lower last year than the year before.

**Senator Carstairs:** I have a great deal of concern about the social fabric in this country, and one issue that concerns me is the growing differential between management and labour in terms of wages. Can you give me the average wage of senior management at Canada Post and the average wage of the employee?

**Mr. Chopra:** Certainly. The growing gap is certainly a question from a national perspective. However, in the context of Canada Post, I will ask my colleague to answer the question on the unionized employees. On the management side, I do not have that figure readily available, as there are different levels of management.

• (1520)

**Mr. Côté:** The wages for frontline employees are about \$66,000 per year once benefits are included.

**Senator Carstairs:** That does not tell me what the wage is, but has there been any significant differential? In the case of multinational corporations, for example, I have watched the wage differential go from the highest salary being about 40 times more than the labour salary to 80 to 90 times, and sometimes well into 150 times. Has there been a significant differential paid to management at Canada Post as opposed to what their employees are earning?

**Mr. Chopra:** Let me answer the question in the context of what you just mentioned. Canada Post management is not paid anywhere close to the private wage structure, whether it is the senior management or the CEO. The wage structure for Canada Post is much lower for senior management and management in general, compared to the large corporations and multinational corporations you talk about. As for private sector examples of stocks and other options, none of those instruments is available to Crown corporations to reward its employees. In comparison, I would be comfortable in saying that none of those multiples that you mentioned would be close to what we pay at Canadian Post.

**Senator Carstairs:** Canada Post apparently offered its workers a 1.9 per cent increase. You must therefore have a value on what that would have cost Canada Post and how much will be saved by this legislation, which stipulates an increase of 1.75 per cent.

**Mr. Chopra:** The offer of Canada Post was not just for one item, senator. The offer was a package with numerous elements and aspects that made up a total cost structure that we think was the right and balanced approach.

As for the legislation, wages and the package, we are not able to do any comparison because we will be putting together our next steps based on what we had been working through earlier, so the legislation has no linkage. It is not an apples-to-apples comparison to just one item because our package has many other aspects to it.

**Senator Carstairs:** I am not getting many straight answers here.

My final question is about final offer selection, clauses 8 to 13. We had final offer selection introduced in the Manitoba legislature when I was a member there. I must say that equal arguments were posed by both employers and employees and, therefore, the unions. What is Canada Post's attitude toward final offer selection where only one choice can be made by the arbitrator?

**Mr. Chopra:** Senator, we do not have any input or point of view on what the legislation is and how the legislation is crafted. We will work with whatever procedures are put in place for the best interests of the corporation.

**Senator Jaffer:** Mr. Chopra, once this legislation gets through Parliament, you have a big task on your hands with respect to the relationship between management and labour, the people you work with. What plans do you have in place to heal this relationship?

**Mr. Chopra:** I can assure you that not only I but also my entire management team takes employee relations very seriously. There has been a long period since 1997 where negotiations have been successfully concluded and a lot of progress has been made. The current circumstances, however, do not give us the credibility to make that statement because of where we find ourselves in our negotiations.

I would like to talk about employee relations in a holistic sense. In the end, when we talk to our employees, they care about the same things we do. If we have happy customers and a business with a long-term future, I think they can all relate to that.

Our focus will be on ensuring we continue the dialogue that began much earlier than my arrival. In frontline visits and discussions, the entire management team spends numerous hours every year at the front line. Even in my short tenure, I have spent a lot of time with employees. At the end of the day, employees want to do a good, hard-working job and be recognized for what they do. At the very basic level, human needs are the same. To continue the journey that we started, it will take more effort and more time as we come back to work, as the circumstances are different.

That is certainly a top priority on my list and that of my management.

**Senator Jaffer:** I am encouraged to hear you talk about human needs and perspective. As you can imagine, we have had many letters from many people. I am not at all reflecting on your compensation or making any statement on it, but the letters we have received indicate that you will get a 4 per cent increase plus a 33 per cent bonus. I do not want you to respond to that. However, from the perspective of an employee, the inflation rate is 3.3 per cent. The workers wanted 2.75 per cent and you agreed to 1.9 per cent. You have explained to Senator Carstairs that it was part of a package; I get that.

They have now ended up with 1.5 per cent, so there is a challenge here for you as to how you explain this to the workers from a human needs perspective.

**Mr. Chopra:** Our work is cut out, senator. We have a lot of work to do on our employee relations and explaining to employees the complex balance that I shared in my opening remarks. On the one hand, we have Canadian taxpayers who do not want us to become a burden on them; on the other hand, we have customers who now have choices, so they do not want to pay us higher prices. Then we have our current employees for whom we want to preserve their benefits, wages and defined benefit pension plan.

In this complex mix of decisions, when we share with them, we are optimistic that they will relate to the long-term viability. In fact, many employees write to me with suggestions on what new business we should be in and how we can improve our customer service. We have to take the step of continuing that journey and ensuring we are available, especially for our frontline employees, to talk about our future. Most people are energized working for a company that has a great future. If we do not have a great future, it will be a bigger challenge to explain to employees than explaining how we will create a great future for the company.

**Senator Jaffer:** There has been a lot of discussion. In the normal course of things, if we had had more time to study the bill, we would have had time to ask you more questions. However, there is a perception that there will be two tiers of employees, one of which will be a younger employee with a lesser pension plan than that of someone who has been there from a certain date. Obviously, younger employees earn less, but their ability to earn the same amount at a future date will disappear. Can you clarify what that is about?

**Mr. Chopra:** The principle was to preserve the wages, benefits and defined benefit pension plan for our current employees.

• (1530)

In the world of business, there will always be some choices made. As difficult as it is, having an employee who is starting with the company taking a few steps to get to the maximum wage is not an unusual practice. We believe that providing that allows us to preserve the benefits and wages of employees who have created a successful enterprise and have been part of the company for many years.

This balancing act must be achieved. I can assure you that the package that is being proposed for new employees is highly competitive and includes a fully indexed and defined benefit plan, which is becoming very difficult to provide in the private sector, in other Crown corporations and in other postal administrations around the world.

It is a balancing act, but we believe that it will give us a very competitive wage structure for our future employees who will take the corporation into the next generation.

**Senator Ringuette:** Mr. Chopra and Mr. Côté, as an ex-Canada Post employee, I think that Canada Post is probably a Crown jewel that we have not provided with adequate support to ensure a secure future not only for its employees but for all our citizens.

In your opening statement you said that your offer was comparable to other logistics and delivery companies. What are the other logistics and delivery companies with which you have compared your offer?

**Mr. Chopra:** It is not a specific company. We compete in many different areas. In our parcel business we compete with a basket of companies in that industry. In our direct marketing business we compete with a different set of industries. These are the global companies that operate in the parcel business. In comparison with the entire package we believe that our offer would be very competitive in all aspects.

**Senator Ringuette:** You thought that your offer, with a 1.9 per cent increase, was comparable to other logistics and delivery companies in Canada?

**Mr. Chopra:** I wish to clarify that we began with the principle of protecting wages and benefits for our current employees, including the fully indexed defined benefit plan. The offer we were proposing is for future employees of Canada Post. As we put that package together, we wanted to ensure that it was competitive in order that we could attract talent and hire employees who can accept a competitive proposal.

**Senator Ringuette:** You indicated that in the package job security was a given and was agreed to by both parties. I do not suppose that working hours and work week was an issue. I do not foresee there being substantial changes in work conditions.

**Mr. Chopra:** As you know, negotiation of collective agreements is a highly complex process with several demands from both the union and management still outstanding. There are many aspects to that. It was not easy to stipulate what has and has not been agreed to.

**Senator Ringuette:** Let me put it another way. What were the outstanding issues? In the public we have learned it was the pension issue, but what were the outstanding issues?

**Mr. Chopra:** Unfortunately, as I mentioned, there were several issues outstanding on both sides. Our chief negotiator would be in a position to get into much more detail on that, but I can tell you that there were not only a handful of issues that we could have settled by coming to a common ground. There were dozens of issues outstanding from the union.

**Senator Ringuette:** Dozens?

**Mr. Chopra:** Yes.

**Senator Ringuette:** Such as?

**Mr. Côté:** There were a number of issues relating to the ratio of permanent employees to total employees and percentage of coverage on the route. It has to do with technicalities of how we set and measure the route. There were issues relating to delivery of larger format addressed ad mail. Those are typical. They are fairly technical in nature and somewhat difficult to describe.

There were demands in the early stages by the union to convert more community mail boxes to door-to-door delivery. Jobs like snow removal and landscaping were on the table at the beginning.

All of those were off the table at the end, but this is the basket of issues that we had to contend with at the beginning.

**Senator Ringuette:** Mr. Côté, you have been with the corporation for probably over 20 years.

**Mr. Côté:** Eighteen years.

**Senator Ringuette:** I was giving you two bonus years. In the legislation before us clause 11(2) states:

. . . the arbitrator is —

— not “may” —

— to be guided by the need for terms and conditions of employment that are —

— not “may be” but “are” —

— consistent with those in comparable postal industries . . .

In your 18 years of experience at Canada Post, what would be those comparable postal industries?

**Mr. Côté:** There is post around the world including in industrialized countries in Europe such as the Netherlands, the U.K. and so on. I do not know the intent of those who wrote the bill, but I presume that they want us to be comparable to countries with a similar standard of living. That is a presumption on my part.

**Senator Ringuette:** Mr. Chopra, how do you see it?

**Mr. Chopra:** There are private posts and public posts. The postal industry has been changing dramatically over the last decade; it is an industry in transition. We need to look at the question in more detail. We have looked at it just as you are doing, and we will be spending time trying to understand all aspects of the legislation, including the postal industry. However, broadly speaking my answer would be along the same lines as what Mr. Côté just explained.

**Senator Ringuette:** Did I hear you correctly to say in answer to a question that since 2009 there has been a decline in revenue of \$500 million?

**Mr. Côté:** Yes, \$500 million to the planned revenue for 2009.

**Senator Ringuette:** Canada Post management agreed last year to have its exclusive outbound privilege, reducing your revenue in perpetuity by anything between \$40 million and \$1 billion because of the scale of physical letter mail.

Canada Post management appeared before the Standing Senate Committee on National Finance and indicated to all the members of that committee that Canada Post could sustain that additional loss.

• (1540)

Today you are before us wanting back-to-work legislation because of losses that were indicated to us as a one-time cost of \$100 million with regard to the current situation at Canada Post and its employees.

I very much value Canada Post but, since last year, we have been slowly removing Canada Post's ability to be competitive. That competitiveness lies in the quality of your employees and the quality of the relationships that you have with them. I am very concerned. This is a statement.

**Mr. Chopra:** I can certainly respond to the second part but, on the first part, I am not familiar with the details of the circumstances and the exclusive privilege that was mentioned to the degree that you might be expressing.

The issue in which we find ourselves is much larger than any one small issue — the market forces, the electronic substitution, the competitive landscape, the financial meltdown. We are living in a different environment today. Could we pick one issue that could have saved the day? Unfortunately, I cannot find an issue that would jump out and would have fundamentally changed the course of where we find ourselves. Where we find ourselves is still a situation that is unfortunate.

[ Senator Ringuette ]

**Senator Ringuette:** Can I make just a final comment that I think will be beneficial to everyone? Canada Post is in a unique situation in Canada to provide both Internet mail and physical mail to the same Canadians. It is a unique position that has not been exploited to its potential.

[Translation]

**Senator Dallaire:** You are the two most senior officials at Canada Post. As such, you are accountable for the successes and failures of your operations and those of the corporation. Your role is twofold: to manage resources, including human resources, and to show leadership.

When we look at this bill and the reasons why, as leaders, we have to resort to using back-to-work legislation, I see a shortfall in terms of leadership, or perhaps in management.

Given that these issues are before us here in Parliament, I am wondering what you plan on doing. On Tuesday or Wednesday, when people return to work, I want to know specifically what your reconciliation plan is for your unionized workers — who have been prepared to continue working despite this rather negative situation. I am not interested in rhetoric. I am not talking about walkabouts.

[English]

I am not talking about, "I will do walkabouts." I am interested in what you will talk about with your people. Specifically, do you have a reconciliation plan for their return to work? Have you given an indication to your management levels of what you expect them to do, to say and to be engaged in?

**Mr. Chopra:** Senator, you made several comments about leadership, and I could not agree more. Before I answer the question, I would like to salute your service to the country, and your contributions. You are certainly a great role model for us to learn from.

Leadership matters, indeed. I think leadership is about making difficult choices. We could have made the easy choice of taking on a long-term cost burden. That would have been the easy choice. The generation after me would be asking why the tough choices were not made to sustain the corporation for the long term. Canadians expect their Crown corporations' management to take a long-term view and to find the right balance. When times are good, we have been successful.

The second question you asked was whether we are prepared with a specific plan. Indeed, our desire was not to reach a stage where we have 12 days of rotating strikes. Indeed, we did not foresee a suspension of service under the circumstances I explained earlier. A lot of work needs to be done, and I can assure you that many people in our human resources operations and many other aspects of the organization are working on exactly the question that you raised. It is not necessarily just for the sake of making sure that we do this and welcome employees back in a certain manner, but for longer term healing. It is important that employees understand why we went through what we did.

At the same time, specific plans are being drawn up with our teams so that we can tell our supervisors and managers how to approach and handle questions and answers. As I mentioned earlier, when Senator Jaffer asked a question on the preparedness of employee relations and very much on the same lines, we are working on the details so we can have front-line management armed with the questions.

[Translation]

**Senator Dallaire:** I will repeat my question. You two are the leaders. The Canada Post Corporation looks to you for its strategic orientation, its mission, its culture and its work environment. The two of you share these responsibilities. My question is specific. What do you intend to say to bring about a reconciliation with your subordinates? What personal initiative will you take? What arguments will you use to eliminate the friction caused by this business decision that, in the end, is unpopular with your employees?

**Mr. Côté:** We started meeting with our employees about three or four years ago. A very specific communications plan was established for our employees. Last year, we met with employees from all our depots once or twice. We visit the depots and the work sites in all our major facilities. We began this dialogue with our employees in order to explain that the postal sector has reached a turning point. Throughout the world, the volume of mail is decreasing by 4 to 5 per cent. The postal sector will have to adapt to these changes.

When the rotating strikes began, we were very cautious, in order to maintain good labour relations and to ensure that there would be no conflict. Staff was instructed on how to welcome employees on their return to work. We will have to resume the communications plan with our employees, explain to them again what we want to do and why, and that we had very little leeway.

Salaries take up 65 per cent of Canada Post's revenue. Revenue is declining by 3 to 4 per cent per year. Last year, letter mail revenue decreased by 4.5 per cent, with each percentage point representing \$30 million. With stable or declining revenues, we have very little room to manoeuvre when it comes to increasing employees' wages.

We tried very hard to explain the situation to our employees. I believe that employees have a fairly good understanding of the situation. Our efforts in recent years will help us when work resumes this year.

**Senator Dallaire:** I nevertheless believe that it is hard to say that you have been successful given that you were forced to resort to such a measure to close the gap between what employees in your organization expect, through their union, and what you have proposed.

Therefore, I will repeat my question. Your philosophy, Mr. Chopra, has been articulated and people know it well. However, will it be reintroduced when employees return to work or will you wait for the end of negotiations to resume the dialogue?

**The Chair:** Is there a reply?

• (1550)

[English]

**Senator Dallaire:** I want to know what you will tell them on Tuesday, you as the leader. You are the head of this whole thing. Everything depends on your words. They will live by what words you will say, and you are accountable for that. What are the words of reconciliation you will have, having had to go through this process to bring them back to work?

**Mr. Chopra:** If I could answer again on that point, the journey that the company started almost 18 months ago of sharing with employees why we need to do what we are trying to do, if we believe that is the journey, then we have to continue the journey.

As far as healing is concerned, the specific plans will include having the small town halls where we can have those employees ask difficult questions. We have never shied away from answering difficult question to our own employees. We go on the midnight shifts, the morning shifts and the evening shifts. There are specific town halls that have happened for 18 months. There will be an even greater need to ensure that we can answer those questions, not just at the most senior level but at the front line and middle management levels. They need to be able to answer those questions: What transpired, why we are here and what is the way forward? Where will the company go from here?

I go back to the same thing: Employees, in any organization, or for that matter in any institution, want to be part of the winning team. They want to be part of someone who will take the company forward. Having that growth message, understanding where we can grow and where we cannot grow, where we have to defend, we have to be honest and upfront. That is the message we plan to give our employees, both ourselves as well as our front line and mid-management.

**Senator Di Nino:** Welcome, gentlemen. I have a clarification for Mr. Côté and a question of Mr. Chopra.

Mr. Côté, I believe in your presentation you informed us that because of business conditions the corporation decided that the staff needed to be reduced. I believe you said that about 15 per cent of the non-members of the collective bargaining unit were released — is that the right term? — and that a reduction of employees took place. You also said, I believe, that any reduction in the collective bargaining unit only happened through retirement. I would like to confirm that.

**Mr. Côté:** This is correct.

**Senator Di Nino:** In effect, you fired some management people but no one under the collective bargaining.

**Mr. Côté:** This is correct. Management was largely laid off with a bit of attrition, and there have been no layoffs on the bargaining unit.

**Senator Di Nino:** Mr. Chopra, I think Senator Dallaire was hinting at a specific question I would like to ask you. If this legislation is passed, and we are hopeful that it will be soon, when do you expect the employees to go back to work and the operation to be fully back to normal business?

**Mr. Chopra:** That is the responsibility of our chief operating officer. He can give you a more detailed answer.

I can assure you that we know how important it is to be up and running as quickly as possible, making sure that we are in compliance with the law, as well as operationally able to do that. I am sure Mr. Côté can add more detail.

**Mr. Côté:** If the Senate passes the bill, we would like to resume the sortation and transportation operations tomorrow, and mail would be ready to be delivered on Tuesday morning. That would be the plan. We would like to be in business as quickly as possible. There is a lot of demand for international and other mail that is waiting to be processed.

**Senator Di Nino:** Finally, assuming the legislation is passed and you get back to normal operations, do you expect full cooperation from the bargaining unit?

**Mr. Côté:** I certainly expect that. Unfortunately, in the past, a long time ago, we had some strike issues, but people came back. I expect, like Mr. Chopra, that the employees want the company to do well and I think they will do well. As we have mentioned, we have a communications plan ready to explain to the employees what we are trying to do and why we are doing it. No doubt there will be some difficulty, but we will work toward that.

[Translation]

**Senator De Bané:** Thank you, Mr. Chair. My question is for Mr. Chopra or Mr. Côté.

[English]

Your predecessor, President Chopra, was keen on proposing to the government an offer to all employees to become shareholders in that Crown corporation. As you know, since then she has accepted the offer to lead the U.K. postal service. She promoted, as you know, very strongly, the opportunity to offer shares to the employees so they would share in the profit of the corporation. For all sorts of legal reasons, that project of hers could not be implemented.

Is there any hope that in the future all the legal obstacles to that could be resolved so that your employees will feel very much that they have a stake in the prosperity of the corporation?

**Mr. Chopra:** Thank you, senator, for the question. It sounds like something that I have not yet been briefed on. I would not be able to give you any detailed answer on that. If it is something my predecessor was pursuing, certainly it has not been something that I have had a chance to understand in greater detail.

**Senator Mitchell:** I have a couple of questions, gentlemen. I am very interested in defending the collective bargaining process. It is based on years and years of experience. It has a tradition and legacy that has had a lot to do with defining relationships in the workforce in Canada, and it should not be dispensed with arbitrarily, if I can use that word. That seems to me what is happening in this bill.

The bill seems to limit absolutely any talk of — obviously, it does not seem to, it does — differences in pay from what is specified in the bill. It specifies the term of the collective agreement. It limits anything you might do with a pension because the solvency ratio cannot change. Can you tell me, when you present your offer under the final offer arbitration, what elements you might be able to vary in that offer from what is specified in the bill?

**Mr. Chopra:** Senator, this is probably a very difficult question at this time. We have to look at many aspects to understand what we can and cannot do.

First, I have not had a chance to completely understand all elements of the bill. Second, we have not really had a chance to understand the impact to the business that this disruption has caused over the last several days. We will be taking many aspects of our business into account to understand what is possible and what is not.

We have a guiding principle that we continue to base this round of negotiation on. It was to protect the wages and benefits and the defined benefit pension plan for our current employees and for the future generation of employees to come up with a competitive package, which we thought we were offering. However, that was prior to any strike action or the unfortunate work disruption.

• (1600)

There are many complex questions to be understood and measured. We will then put a position together.

**Senator Mitchell:** I am interested in what you said about the pension, particularly in light of clause 11.(2)(a):

... that the solvency ratio of the pension plan must not decline as a direct result of the new collective agreement ...

The moment they get any pay raise at all, to which they are certainly entitled — more, in fact, probably — immediately that will change the solvency ratio of the pension, will it not? Their pay will go up. The percentage of that pay that they will therefore be entitled to as a matter of pension benefit will go up. What will you do, immediately, to rebalance the pension ratio?

**Mr. Chopra:** We will be seeking advice on matters of that complexity, as you can appreciate. You mentioned that you have a lot of experience in this area.

The pension area is highly complex and certainly not part of my specialization or actuarial specialization. We will be seeking advice to understand what we can and cannot do. As I said, to the extent that we can preserve the guiding principle with which we went into in our negotiations, that would be our desire.

**Senator Mitchell:** Back to the “guiding principle.” I think you are referring to what you said in your first answer, which was that you were going to protect the benefit or the pension as it exists for existing employees but that, somehow, you were going to make — and these are vague words — a competitive package for new employees.

First, that would imply a difference between what current employees have and what new ones might get. The only difference that could be is a defined contribution plan. Are you proposing a defined contribution plan rather than a benefit plan for future employees?

**Mr. Chopra:** We have not had a chance to understand the complexity of the bill nor the impact that the work disruption has had on the business. We will take all those things into account. It is a difficult question to answer in the absence of real meaningful data and analysis that we will look to before we make our next steps.

**Senator Mitchell:** It sounds like this legislation, or much of what is in it, is a surprise to you. Does that mean the government did not consult you before it prepared this bill? If it did not consult you, I cannot imagine that it consulted the union, so what did it base all of its specific ideas on in developing this bill?

**Mr. Chopra:** I cannot comment on the workings of government. Our principle of negotiation continues to be the guiding principle. I cannot comment on how the government drafts their legislation.

**Senator Mitchell:** I can. I bet you they did it on ideology.

**The Chair:** Honourable Senator Joyal has the floor.

**Senator Joyal:** Welcome, Mr. Chopra and Mr. Côté.

Mr. Chopra, my first question to you is very simple: Did you request Bill C-6 from the government or did you request a government intervention to settle the conflict that you were encountering with the union?

**Mr. Chopra:** As I mentioned to you, we started negotiating a long time ago, way before I even arrived on the scene, including my own personal involvement with the unions trying to continue the negotiations, and even continuing with the several days of rotating strike action. For us to have taken any other considerations into account was never a question. We were focused on trying to reach an agreement and not have all the circumstances that led to this. That has been our focus, not asking anyone for intervention.

**Senator Joyal:** In other words, you never requested that the Canadian government introduce legislation to end the difficult negotiation you were having with the union?

**Mr. Chopra:** We did not.

**Senator Joyal:** Were you consulted on one or the other aspects of the bill, especially the clauses dealing with the new collective agreement, clauses 14 and following?

**Mr. Chopra:** We were not.

**Senator Joyal:** Were you ever consulted on any of the provisions that would rule the future collective agreement if this bill passed, as drafted, now?

**Mr. Chopra:** We were never consulted.

**Senator Joyal:** You were never consulted.

Did you consult your legal advisers about the possibility of the bill not being constitutional?

**Mr. Chopra:** We have not had any discussions with my legal adviser.

**Senator Joyal:** Was there ever any doubt in your mind that that bill was fully in compliance with section 2(d) of the Charter of Rights and Freedoms on the recognition of the right to association?

**Mr. Chopra:** My focus has been and continues to be on the business. I have not spent time contemplating all the scenarios. As I answered earlier to that question, there are lots of things that we have to worry about for the business. Many questions earlier talked about employee relations and about starting to work on many other aspects. That has not been my focus or the area of interest.

**Senator Joyal:** In other words, when you received a copy of this bill you never sought the advice of your legal advisers on their evaluation of the substance of this bill?

**Mr. Chopra:** They are in the process of looking at the bill. We looked at it as it was tabled, but I have not yet received any advice of any kind.

**Senator Joyal:** If adopted, this bill as drafted would be totally constitutional in your opinion?

**Mr. Chopra:** I have no idea. I have not sought advice and I cannot comment on that.

**The Chair:** Senator Kochhar.

**Senator Kochhar:** Mr. Chopra, all your statements and what you have said is very encouraging. I am impressed with the leadership that you have been providing at Canada Post.

Is Bill C-6 — I am sure you have read every page of it — good for the post office? Is it good for the workers and is it good for the shareholders in its entirety? What is your opinion on that?

**Mr. Chopra:** I cannot comment on that, senator. As I said earlier, there are many aspects that we need to look at, including the impact of the work disruption. We have not reached any sort of conclusions on that on this bill.

**Senator Kochhar:** Thank you.

**Senator Downe:** In response to another senator's question earlier, I heard the information that bonuses last year were reduced for senior management. Is that correct?

**Mr. Côté:** They were lower than the previous years on the performance-based bonus and they were lower than the prior year.

**Senator Downe:** Some Canadians may wonder, if planned revenue was off by \$500 million last year, why were any bonuses paid.

**Mr. Côté:** It was in 2009 where revenue missed to the plan was \$500 million. With cost reduction and expense adjustment, the earnings before tax target of the corporation were met.

**Senator Downe:** Revenue fell \$500 million in that year?

**Mr. Côté:** Yes, compared to plan. The variation to plan was some \$500 million. In 2009, the company removed some four million hours of work off the shop floor. They cut expenses and cut discretionary expenses and were able to turn a profit in a difficult recession year.

**Senator Downe:** Does the profit go back into investment in infrastructure or do you return any to the government?

**Mr. Côté:** The profits are being reinvested in the infrastructure. Canada Post is undergoing a modernization program because the equipment is dated and obsolete in the parcel and letter sorting areas. The vast majority of the funds are either going to the pension or toward reinvestment in the company.

**The Chair:** Honourable senators, there being no further senators on the list, it remains for me to say to Mr. Chopra and Mr. Côté that, on behalf of all honourable senators, I thank you very much for coming here today to share your opinions and answer the questions of honourable senators. We thank you for the work that you have done in helping us to understand Bill C-6.

I would also like to say that there is no further need for you to be here and you are now dismissed. Thank you very much.

**Mr. Chopra:** Thank you for the opportunity.

• (1610)

**The Chair:** Honourable senators, as our witnesses are leaving, I should like you to know that Mr. Denis Lemelin, President of the Canadian Union of Postal Workers, and Mr. Geoff Bickerton, Director of Research, are able to appear. Is it the wish of honourable senators to hear from them at this time?

**Hon. Senators:** Agreed.

**Senator Ringuette:** Mr. Chair, I have had a special request — and I suppose it is at our discretion — whether it would be possible to take one photograph, because of this historical moment in the Senate.

**The Chair:** I would like to consult the leadership on this request, Senator Cowan and Senator LeBreton.

**Senator Ringuette:** It is the media. They want one photograph.

**Senator Comeau:** May I suggest that the deputy leaders on both sides discuss this.

**Senator Ringuette:** Thank you.

**The Chair:** Honourable senators, before we begin with the next set of witnesses, I would like to call on the Deputy Leader of the Government with respect to the request by Senator Ringuette for a photograph.

[Translation]

**Senator Carignan:** Honourable senators, after discussion between the two leaders, consensus has not been reached. Photographers will not be allowed in the room.

**Senator Ringuette:** I would like to know what is meant by the phrase “consensus has not been reached.” Can you tell me who disagreed?

[English]

**The Chair:** It is not normal practice. The deputy leaders of both sides, in the normal fashion, have consulted.

[Translation]

**Senator Tardif:** No one on our side was against having a photographer in the room, given that this is an extraordinary sitting of the Senate. We are sitting on a Sunday to deal with this very important issue. However, Senator Carignan tells us that senators on the other side did not agree.

[English]

**The Chair:** I would like to welcome Mr. Denis Lemelin, President of the Canadian Union of Postal Workers, and Mr. Geoff Bickerton, Director of Research.

Do either of you have a presentation you would like to make before honourable senators may wish to pose some questions?

[Translation]

**Denis Lemelin, President of the Canadian Union of Postal Workers:** Thank you for welcoming us to this chamber. I will make an opening statement and we will then try to answer your questions.

I would like to present two significant aspects that were key factors in the events of the past months.

First, I would like to share the approach we took in these negotiations, which have lasted more than eight months. This approach was based on three principles. The first was respect, in the sense that Canada Post has been a profitable company for 16 years. Of course, the people who made this company profitable are the 45,000 or 55,000 postal workers, who represent both the urban and rural sectors.

• (1620)

If Canada Post is known as a profitable company that provides good service, it is because of all of its workers. That is where respect comes in. Along those lines, there were a certain number of points we wanted to raise about labour relations, including the health and safety of all our workers.

The second principle upon which the negotiations were based was equality. We knew very well that, in these difficult economic times, Canada Post has been adopting the same ways of doing things as big businesses, by trying to reduce labour costs and benefits and directly attacking pension plans. It was clear that we had to base our negotiations on the principle of equality to ensure

that current employees were able to maintain their existing working conditions and to protect those — our brothers, sisters, sons and daughters — who will replace us when we leave, because we know that there is a lot of attrition at Canada Post. We were seeking equality in terms of salaries, benefits and pensions from the perspective that the economy must be based on good jobs. That is the second principle on which we took a stand.

The third principle is that of the sharing of the benefits of the postal transformation or the implementation of new technology.

As you know, Canada Post plans to invest \$2 billion. Once these investments have been made, in 2014-15, they will result in productivity gains of \$250 million per year, which corresponds to the elimination of 3,500 to 4,000 jobs at Canada Post. We said that this investment must be used to benefit workers and expand services. The expansion of services, for example, financial and Internet, is important to us.

Keeping postal service jobs in the communities is important because Canada Post has the largest service network in the country. The corporation serves over 15 million points of call in both urban and rural areas.

These are the three principles on which we based our negotiations.

What I would also like to share with you is that the 45,000 members of the urban unit are well aware of these principles. Last year, we began discussions with the employer about how it saw the future of the universal public mail service here in Canada. We understood very well that these negotiations were critical for the future.

That is the direction we took with the bargaining from the beginning. We knew that this would lead to important discussions regarding work methods, the issue of the two-tier scale and the issue of new workers at Canada Post. Our list of demands was approved by all of the 45,000 members.

I will spare you all the details, because everything became public when, in May, we asked for an extension of the conciliation to avoid overlapping with the federal election. As a union, we took that approach in order to not interfere with the federal election. We asked for an extension of the conciliation until May 3, so that the election campaign would not be interrupted.

At the end of May, when we saw that there were no more bargaining opportunities, we duly issued our notice. We precisely followed all of the principles that are the basis of the Canada Labour Code. As of the end of May, we could exercise our right to strike, and the employer could exercise its right to lock employees out.

When we issued our notice, we purposely chose to start rotating strikes, so that we could demonstrate that our objective was not to interrupt mail delivery for the whole country. We believe that postal service is an important part of the country's economic infrastructure. We decided to do rotating strikes to maintain mail

circulation and perhaps slow it down, in order to put pressure on Canada Post. That is the direction we took. All of that was changed by the lockout imposed by Canada Post.

After that came the back-to-work legislation. It is clear that we believe this bill is unnecessary. It was unnecessary from the second it was proposed, because we had a rotating strike and mail was still circulating. It was the employer that decided to cut mail delivery to three days. I remind you that the day they locked employees out was a day there should have been mail delivery, because the day before, letter carriers were not working.

This bill is unnecessary. It is unfair because it violates the right to bargain. In addition, this bill sets conditions that are different than what could have been obtained through bargaining. This bill is completely unacceptable.

We listened to the debates and the questions that were asked. We have the same questions as you regarding the issue of the financial offer that was made. We heard the arguments put forward by Minister Raitt, who said that it was similar to what has been offered to the public service, knowing that Canada Post is a Crown corporation that, in terms of numbers, will deprive postal workers of \$35 million over four years, \$35 million that could have been reinvested in the Canadian economy.

We had a fundamental objection, and we still object, to final offer selection. All the legal studies that have been done on this, including the Sims report, very clearly demonstrate that there is a winner and a loser with this method. In this case, it is clear that the winner will be Canada Post, because this bill penalizes the workers. We believe that bringing in a process that divides more than it unites is no way to improve labour relations between the parties.

We have some serious reservations about the guiding principles for the arbitrator. I will not go into any detail on this because there have been some interesting questions regarding fines, which are substantial. The fact is that this kind of bill, which imposes working conditions that could apply for the next four years, does nothing to help settle the future of Canada Post.

That is why, when the bill was brought forward, we tried repeatedly to negotiate with Canada Post. It is important to emphasize this. We had some ideas on issues like pensions, wages, work methods and health and safety. Our demands would not have had a huge financial impact on Canada Post.

• (1630)

They were demands in terms of health and safety, work methods and so on. That is why we asked Parliament to propose three amendments to this legislation.

The first involved replacing final offer selection with a mediation/arbitration process to allow an arbitrator to get a good grasp of the issues, weigh both sides of the argument and strike a balance.

The second was to refer the whole issue of Canada Post's mandate to the Canada Post Corporation Act, 1981, which says that Canada Post should be self-sustaining, but should also approach labour relations in a creative way.

The third amendment we requested was on the issue of selecting an arbitrator. Choosing an arbitrator is important, and we proposed having the parties submit lists in order to find an available person could understand the historic and often complex labour relations at Canada Post.

Those are the amendments we proposed. We think the legislation should be returned to Parliament and that negotiations should resume.

Thank you. We are now prepared to answer senators' questions.

**The Chair:** Thank you very much for that excellent explanation.

[English]

**Senator Mahovlich:** My experience with unions goes back to a little town called Timmins in Northern Ontario. Boy, you talk about strikes; we had strikes every day, it seemed. We had 10 gold mines. If one mine went on strike and they had an increase in their salary — boom — another mine said, “Hey, we are as good as they are,” and they would go on strike.

I have had a lot of experience with strikes, and then I got out of Timmins and I got to play hockey. I did not realize how important it was. We had to have unions. We had to have an association. We had to have something because we had no pensions. We did not have any pensions when we started to play, and we were trying to form an association. The government would not help us; no one would help us. We went on and on, and finally we tried very hard in 1957 to try to form an association with Mr. Ted Lindsay. They traded him. As soon as he got organized and we were ready to go — boom — they busted us and they threatened us. What happened was a young lawyer came around 10 years later, a fellow by the name of Eagleson.

**Senator Meighen:** What happened to him?

**Senator Mahovlich:** He got into bed with these guys. He was not helping us at all, only throwing us a biscuit once in a while.

You mentioned the government dipping into your pensions or trying to claim your pensions. This happened a few years ago with Dominion Stores and a fellow by the name of Conrad Black. The workers went to court and Mr. Black could not do anything. Pensions belong to the workers.

I think in your case, too, you are right. You have to stand up here. Pensions are sacred. Everyone has a pension, and I believe it is a sacred issue. I feel for you. I think you will have to stick to it. These pensions are for the workers. They earned them.

Canada has had the best post delivery in the world, and my wife and I think you are great. Keep doing the good work.

[Translation]

**Senator Kinsella:** Could you share your opinion on the last clause of the bill, clause 22, which says that the bill comes into force on the expiry of the twenty-fourth hour after the time at which it is assented to?

[ Mr. Lemelin ]

Does this mean that, during this period of time, contact can be made with the employer to come to a collective agreement?

**Mr. Lemelin:** I would like to draw your attention to two things.

First, we met with the employer again yesterday morning to try come to a negotiated collective agreement. We made an offer to the employer, which was rejected, since the employer retracted some elements of a previous offer. So, for the moment, negotiation is not really an option.

Second, yesterday, once the bill was passed by the House of Commons, I called the chief negotiator, my management counterpart, to set up a meeting to plan the return to work. He told me that he was waiting for Royal Assent before he would begin discussing the return to work.

As for us, today, we sent a notice to all our members to inform them that we would not defy the bill if it passed, that we would return to work despite the difficulties that could arise and that, as postal workers and professionals, our objective is to provide service as quickly as possible.

**Senator Kinsella:** Thank you.

**Senator Joyal:** Thank you Mr. Lemelin. I understand that, when the bill was introduced, it was not because you, the union representatives, asked the government to intervene in the dispute and end the lockout through a special bill; was it?

**Mr. Lemelin:** No.

**Senator Joyal:** When you found out about the bill, was it new to you? In other words, there were no provisions in the bill that resulted from consultations with you or your representatives on the content of these provisions, were there?

**Mr. Lemelin:** No.

**Senator Joyal:** So the bill was completely new to you?

**Mr. Lemelin:** The bill was new, but we were aware of the Air Canada bill the day before, so we were expecting something similar.

**Senator Joyal:** Did you consult your legal counsel on the constitutionality of this bill?

**Mr. Lemelin:** We examined the bill and analyzed certain aspects of it, such as the type of arbitration. We will really focus on these aspects of the bill in the coming days to examine the whole thing and to identify the different aspects and any possible recourse. I will be honest with you: if there is any possibility of recourse, we will have a look at it.

**Senator Joyal:** Are you saying that the dispute you had with your employer did not deteriorate to the point where the damage to Canadians, businesses and institutions was so unbearable that it became essential for the government to intervene?

• (1640)

**Mr. Lemelin:** We do not think so. We held several press conferences and at each one, we were able to show that mail was still moving, with photos to prove it. It was moving more slowly,

but there was lots of it. The employer, on the other hand, was never able to justify the rate of 50 per cent that it quoted. There was lots of mail. It was moving more slowly, but we wanted to continue our rotating strikes.

**Senator Joyal:** Would you agree with the general conclusion that the bill was premature?

**Mr. Lemelin:** We have always preferred the path of negotiation, and not legislation. We were at the bargaining table. We were sharing information. Before the June 15 lockout, discussions were taking place. However, it was clear that we had some major differences of opinion on some points.

**Senator Joyal:** To your knowledge and based on your recollections, have there been instances when a much longer period of time passed between the moment when a strike was called and the moment when a lockout was imposed before Parliament intervened?

**Mr. Lemelin:** The first thing that comes to mind is the strike in 1997. At that time and in that context, the workers had been striking a little less than two weeks when a special bill was passed. As for instances before 1997, a work stoppage in 1991 lasted longer than that. And before that, in 1987, it lasted about the same length of time. The time period ahead of intervention varies, but this was the first time the government ever intervened when rotating strikes were being staged.

**Senator Joyal:** If I understand you correctly, you maintained a minimum level of service. I understand you were still delivering pension cheques, social assistance cheques and so on, and therefore you were considering the most vulnerable citizens in precarious personal situations.

**Mr. Lemelin:** Absolutely. Since November 2010, in all previous negotiations, we had reached an agreement with Canada Post whereby we would still deliver pension cheques, old age security cheques, children's benefits, social assistance cheques and so on. For the various provinces, we planned to deliver over 2.5 million cheques a month across Canada. We had between 8,000 and 9,000 volunteers to deliver those cheques.

When we were locked out, only a little less than half the Canadian public had been affected by a day of rotating strikes. A major portion of the population was not affected.

**Senator Joyal:** If I understand what you are saying, the permanent harm and inconvenience that may have been caused had more to do with the employer's lockout than with the union's rotating strikes and partial delivery of certain types of mail.

**Mr. Lemelin:** That is how we see it. It will be two weeks on Wednesday since we were locked out. The lockout prevented all mail from being delivered, especially since it came on a day when there was supposed to be general mail delivery across the country.

**Senator Joyal:** You were saying that Canada Post declared the lockout the night before in order to prevent that delivery, instead of waiting until the next day for the delivery to be made?

**Mr. Lemelin:** Absolutely.

**Senator Joyal:** That is what I understood from your comments. In your assessment of the legal aspects of this bill, are you going to focus on the Charter of Rights and Freedoms, in terms of your right to organize as workers and negotiate collective agreements in good faith, and the right of the employer to declare a lockout under certain circumstances? Do you not think there is a fundamental right at stake that is likely to be subject to a legal ruling based on precedents and past rulings by higher courts in the land?

**Mr. Lemelin:** We definitely think this is an attack on the right to negotiate. We are going to go over every aspect vis-à-vis the Charter of Rights and Freedoms and every clause of the bill to consider what to do next and how to move forward on this arbitration with the employer.

**Senator Joyal:** You have not asked your lawyers to do so at this stage? You are unable to tell us today your interpretation of the substance of this bill, with regard to the points I have raised with you?

**Mr. Lemelin:** No. Absolutely not. Our objective was to get the bill amended. Obviously, as soon as the bill passes, we will be looking at all of these things as of tomorrow morning.

**Senator Joyal:** Thank you, Mr. Chair.

**Senator Fox:** Senator Joyal raised a number of important questions. I just have a technical question for you. In your opening remarks, you said that you wanted Canada Post to be economically viable, and that, along with management, you are responsible for the progress that has been made in this respect over the years.

I would like to better understand your position on the issue of the potential double standard. You have a whole group of employees who have seniority, wages, all kinds of benefits, and then you have new employees you have referred to as your eventual replacements, who would not benefit from the same standards.

If I understand correctly, within Canada Post there will be two classes or two types of employees. How do you think you will be able to reconcile this type of thing?

**Mr. Lemelin:** First, at the end of the arbitration, will there be two types of employees? I think that is an extremely important question, probably a legal one, because the bill has to do with wages. We will examine that very carefully. The workers do exactly the same job. They sort mail, prepare mail or go out to deliver mail. To think that there could be two classes of worker, one who will earn an hourly wage of \$24.15 an hour, which is the current wage, and another worker who would earn an hourly wage of \$17.50, according to the offer that was originally made, is unacceptable to us. The two employees have exactly the same duties and work for the same employer. We believe that this notion is not right in a country that is very rich and where wealth should be shared based on the reality of a situation.

In addition, this creates division within a group. When someone agrees to a collective agreement in which another worker has fewer rights and benefits, how can solidarity develop within a work group? This unity among workers is something that is very important to us.

**Senator Fox:** If I have understood correctly, the possibility of negotiating a single settlement for all workers is eliminated by this bill.

**Mr. Lemelin:** That is what we will look at. There are different interpretations of the salary issue in the bill and different ways of proceeding, which we will be examining.

**Senator Fox:** Thank you.

[English]

**Senator Carstairs:** I would like to focus on the issue of equality. From my understanding, Canada Post is suggesting that they will not change the wages or the benefits of current employees, but new employees will work at a lower wage rate and at a lower benefit package rate. Was that the proposition before you?

• (1650)

**Mr. Lemelin:** Yes, it was.

**Senator Carstairs:** What you are doing is defending the rights of the next generation of Canadians.

**Mr. Lemelin:** That is what we tried to do. That is why we had that principle at the beginning. It is important for us that people be equal, so we said we would fight and inform our members around that issue. When the employer came forward with the issue of people having different wages, different benefits and different pension plans, we said no to that, because it is a social matter. For us, it is a human issue of people working in a society.

**Senator Carstairs:** Let us be very clear. You would have two people working on the same sorting line. One of them would be paid I think you gave the figure of \$24.15 an hour, and the other would be paid \$17.50 an hour. One would have a potential for a certain pension rate, and the other would have the potential for another pension rate. One would have certain sickness and dental benefits, and the other person would have different benefits.

**Mr. Lemelin:** Yes. Mostly the issue was around wages, pension and holidays this time, but, once you put a foot in the door on this issue, the door is wide open after that. For us, the idea was that if we did not stop it now, then, after that, it would be the rule everywhere. Current employees would have one amount and new ones would have less.

**Senator Carstairs:** My final question has to do with a question that I asked of Canada Post and for which I did not really get an answer. I asked them what the savings would be to them as a result of this bill, which would reduce their final offer to you of 1.9 per cent to 1.75 per cent. Do you know what that figure would be?

**Mr. Lemelin:** Yes, we know what that figure is and we informed our members of it. The savings would be \$35 million over four years. It would be about \$875 for each employee. That is

the cost of having the offer of Canada Post and the one from the government. It is \$35 million.

**Senator Meredith:** Gentlemen, thank you for appearing before us this afternoon. We had the CEO of Canada Post appear before us just prior to you. I believe that he said Canada Post was \$200 million in debt. He went on further to say that there was a great divide between your negotiators and Canada Post's and that a series of issues divided you.

You answered Senator Carstairs' question with respect to the two-tier payments to current employees and the new employees. Could you elaborate for me on some of those other issues that cause this great divide?

**Mr. Lemelin:** Yes. I want to refer to something that Minister Raitt said at the beginning of the afternoon, because I think it was important. She said the parties to the dispute cannot narrow the dispute. This is important because it plays both ways.

For us, there are three big issues. The first one was around the issue of work methods, because new technology is coming in. There are new work methods for the people working inside the large plants and new work methods for the letter carriers. These methods must be negotiated with the union and they have a big impact on the future. If they are working on a machine that is running at 60,000 letters per hour, then that is something that has to be addressed. The work methods are important. It is the same for the outside workers. That was a big issue, and it is still there. For us, it was important and we will continue to fight it, because you want to have a safe job and that is basic.

The second point is the issue about equality that we just talked about. That was important for us.

The third issue is about what is happening inside, because labour relations at Canada Post are difficult and they are difficult on some of the aspects. It is difficult between the first level manager and the employees. Sometimes people say that Canada Post does not manage the mail, but manages people. They do not care about managing the mail. They just care about harassment, sick leave issues, injury, and everything about managing. That is a big point.

When we are talking about respect, this was important, because they want to replace what we have. We have a program of sick leave. Someone who has worked for 40 years has a certain amount of days, and they can accumulate them. They want to replace that with what we call a shortened disability plan, which will be managed by an outside provider. This was really difficult and Canada Post refused from the beginning to negotiate this short-term disability plan. They wanted to impose it on all workers.

When you say that it could narrow the dispute, it plays both ways. We offered something on the pension. We offered four different ways to address the pension issue with Canada Post, and they said no to these four different ways to address the pension plan. There were negotiations, but we have our position, and they have theirs. Every time we discussed this type of issue, their answer was always the same: "We have to cut the labour costs." That was always the answer from Canada Post during this negotiation. When we asked them what they meant by "labour costs" and what was the cost of the short-term disability plan,

[ Mr. Lemelin ]

they refused to answer. What were they saving with the short-term disability plan? They would not give us the answer. At one point, they said our demands would cost them \$1.4 million, but they never justified it for us. It is important for honourable senators to understand that, at this stage, maybe it is a shared responsibility on some of these aspects.

**Senator Jaffer:** I have so many questions but, in my limited time, I will start with the two levels of employees you will have with the new structure. How do you maintain morale within your union? How do you keep people working? On Tuesday morning, or whenever this bill gets through the Senate, how will you motivate your employees?

**Mr. Lemelin:** For us, the first point is the collective agreement we have now will be in place. The legislation says that it will continue to be in place until we finish this arbitration. No one will be affected overnight by what Canada Post wants to put in place. That is something we have to understand.

When we go back to work, we will do our work, and we will inform our members how to address these kinds of issues. We will prepare for this arbitration and share the information with our members.

**Senator Jaffer:** Earlier, you said you would be looking at this act very carefully once it has gone through the Senate. I am wondering if you have had a chance to look at clauses 6 and 7. My colleague Senator Baker mentioned these earlier in his discussion with the minister. Clauses 6 and 7 talk about the period from February 1, 2011. Clause 7 talks about the collective agreement being illegal from February 1, 2011. As of tomorrow, what is the situation with the lockout?

• (1700)

**Mr. Lemelin:** I was listening carefully to the debate with Minister Raitt on this issue. I put question marks on both of them. That is something we will look at, that is for sure.

**Senator Ringuette:** Mr. Lemelin, you have been in Senate committees as a witness a few times. You have been around the union for a long while. Regarding this proposed legislation of final offer from both parties, the arbitrator has no choice. It is either going to be the union final offer or the employer final offer.

I personally have never seen binding legislation in this sort of back-to-work context. Usually when you have back-to-work legislation the arbitrator looks at the different elements proposed by the union and by the employer and creates one document. The employer may lose on some issues and the union may lose on other issues, but at the end of the day an arbitration like that is considered fair in the circumstances.

Mr. Lemelin, am I wrong in my knowledge of collective agreements?

**Mr. Lemelin:** No, it is mediation arbitration and interest arbitration most of the time, but this final offer selection seems to be happening from time to time. Maybe Mr. Bickerton can speak on this because he has more experience than I do on this issue. However, in our recollection, when they reviewed the

Canada Labour Code in 2000 they referred to the Sims report, which makes a really interesting difference between what we mean by interest arbitration and by final offer selection. It shows exactly why, when there is back-to-work legislation, most of the time they go with interest arbitration. It is because that is the one the parties can argue. At the end, when you have the decision, you say, "I made my pitch and my case." However, in this case, you can sit in opposition from the beginning and at the end be rewarded by the arbitrator, not doing anything to explain what you want.

**Geoff Bickerton, Director of Research, Canadian Union of Postal Workers:** *Sims* was very clear on this. Hockey often uses final offer selection. It is a question of money. It is not a complicated issue that deals with work rules, health and safety issues and staffing issues. *Sims* was clear on this point: Final offer selection is absolutely inappropriate for complicated, complex negotiations. He concludes by saying that actually it amplifies the negative atmosphere; this winner-take-all result amplifies the negative atmosphere that leads to the work disruption in the first place. It is a totally inappropriate way to deal with negotiations such as those that have been going on at Canada Post.

**Senator Ringuette:** My next question, and I asked this of Minister Raitt and of the CEO of Canada Post, is in regard to clause 11(2). I still have no answers.

I am sorry if Senator Wallin seems to find all of this funny, but I do not.

I will repeat my question to you, which is extremely important because it is in this legislation. It reads:

In making the selection of a final offer, the arbitrator is —

— it is an obligation —

— to be guided by the need for terms and conditions of employment that are consistent with those in comparable postal industries. . . .

Can you gentlemen, who have been working in this sector for a long time, tell us what those comparable postal industries would be?

**Mr. Lemelin:** In my view, there is none. The fact is that in Canada we have only one postal service, Canada Post, and at the same time we have a different reality from most of the people in the world because we have 33 million people in one of the larger geographic areas in the world. We are in a situation where the weather is really important; transportation is really important; and the rural sector is really important.

If we look overall, for us there is none, but if we look at aspects around expansion of services, which is what we put forward to Canada Post, there are many examples now about how to build a better future. There are examples such as Brazil and countries in Europe like Switzerland, Austria and Italy, ideas about how we can expand services. If we look at it overall, we do not see any; it is a unique case. If we look at how we can build a better future at Canada Post, everyone understands that the mail is changing, but

this change has to be taken charge of by Canada Post. They are putting in place new technology that will offer possibilities, but to expand these possibilities they have to look at what is happening in the world with regard to expansion of services.

I do not know what the arbitrator will do with this aspect or whether he will address it or put it aside. If he wants to study what is happening in the world, I think it will take more than three months.

**Senator Ringuette:** I agree.

[Translation]

**Senator Dallaire:** When the government locks you out, no essential services are provided. Is that right?

**Mr. Lemelin:** No, that is not the case. On June 20 and 21, 8,000 of our workers went out to deliver social assistance cheques. Under the terms of an agreement, on June 9 and 10, before the lockout, cheques intended for social assistance recipients had to be processed at sorting centres and delivered on June 20 and 21. Therefore, over two million recipients still received their social assistance cheques in their mailboxes.

**Senator Dallaire:** So your employees worked for the Crown free of charge?

**Mr. Lemelin:** They received a payment of \$50 for the work.

**Senator Dallaire:** Over the years, have you developed a system to identify essential services in the event that a similar situation arises again with the government?

**Mr. Lemelin:** The first time we had to provide service during a strike was in 1981. For over 30 years now, whenever there is a strike or lockout, we have provided essential services. These essential services are not at the same level as those provided in hospitals or by police. We identify the people who are directly affected by the postal service, that is, those who receive their monthly cheques by mail. Over the course of negotiations, for the past 30 years, we have always provided this service.

**Senator Dallaire:** When you say “we,” who do you mean?

**Mr. Lemelin:** I am referring to the postal workers.

**Senator Dallaire:** So no official process has been established by the Canada Post Corporation and you to identify those needs?

• (1710)

**Mr. Lemelin:** No, that is done every time, depending on the situation. There is usually a memorandum of agreement between the parties that sets out the distribution conditions and time frames, and then there are negotiations between Canada Post and the federal and provincial governments to determine which cheques they want to include on the list.

**Senator Dallaire:** It is not just cheques that are essential. Was the negotiation on essential services concluded before the lockout?

[ Mr. Lemelin ]

**Mr. Lemelin:** Absolutely. The agreement was signed in March. It is important because as the deadline approaches, these issues have to be resolved. The public was informed of the situation.

**Senator Dallaire:** And the employer seemed receptive to the final decision on essential services?

**Mr. Lemelin:** Yes, we honoured our part of the agreement and the employer met its commitment.

**Senator Dallaire:** So there is no friction in this regard?

**Mr. Lemelin:** There are always a few kinks to work out and it takes some time to do so, but once that is done, we can proceed.

**Senator Dallaire:** It seems as though the bill will give you fewer benefits than you were already getting at the negotiation stage, which had been approved.

Can you understand why the government is or seems to be offering you lesser conditions than what you were negotiating with your employer?

**Mr. Lemelin:** To us, it is easy to understand. Minister Raitt said it four or five times in the House yesterday: the federal government wants to standardize the salaries it negotiates with or imposes on a sector such as the public sector; it wants everyone to have the same salary. Even though as a Crown corporation we do not work directly for the government, it imposed the same rules.

**Senator Dallaire:** If I understand correctly, if this bill passes, it will be used as a benchmark or standard for all other bargaining between public service employees and Crown corporations like yours.

**Mr. Lemelin:** That is how the federal public sector sees the bill.

**Senator Dallaire:** It is not just settling your dispute, but it is setting the government's basic standard for anyone who goes to bargaining. Is that it?

**Mr. Lemelin:** I think that we share the same views on that. The government is using back-to-work legislation to send a very clear message to all workers: if you do not accept this and go on strike or are locked out, you will end up in the same position as the postal workers.

**Senator Dallaire:** You have the employer, you have the government, and the two do not agree. And what is more, you will be used as a benchmark for other negotiations. This brings me to what your “good boss” — as Yvon Deschamps would say, though I am not sure if that is what you would say — said earlier. He said that you had been working well together for at least 18 months, that you were talking and establishing labour-management or employee-management relations to implement this modernization. Do you think that this atmosphere was real, or was it more a figment of management's imagination?

And what are you hoping for from your “good boss” in terms of reconciliation when you go back to work on Tuesday or Wednesday, if the bill passes?

**Mr. Lemelin:** The first thing is good labour relations. Canada Post had not seen any strike action for 14 years. Although labour relations were sometimes difficult, at least the two sides were talking.

As for the issue of the investment, because that is now at the heart of the whole situation, when the employer announced the investment in October 2007, we agreed. We accepted this change. We accepted the new technology. We agreed that it was important to update technology that was 35 years old at that time. However, at the same time, the collective agreement contained clauses stipulating that when technological changes are accepted, any negative consequences must be negotiated. And over the course of the past 18 months, we have not been able to successfully negotiate the negative effects. We are in arbitration over many of the points that we were not able to agree on regarding the negative effects of the new technology. That is the background to the current negotiations.

One could say that labour relations still exist, since we are in discussion with the employer, but there have been major problems regarding the new technology since October 2007. And we had taken the position that those points needed to be resolved, if not at the bargaining table, then at least through arbitration. We tried to resolve them at the bargaining table, but clearly, arbitration is already taking place on those issues.

The employer can say it is trying to change the culture at Canada Post, but if it wants to change the culture, then it has to provide the conditions to do so. With what is going on right now, the employer is not providing those conditions.

**Senator Dallaire:** We have a corporation here that is trying to be profitable with new conditions, that wants to modernize and is unable to establish a good relationship with its employees. What is more, this situation degenerated to such an extent that the government took advantage of this extremely tense situation to set standards for future negotiations with all the other unions. Do you not feel like a scapegoat for what is about to come?

**Mr. Lemelin:** That is why, in fact, we are in this situation with the bill. But at the same time, I think our workers are very aware of this situation, that our fight for good jobs, good benefits and good pensions is an important fight that will allow us to make progress. In the past three weeks, we have managed to share our vision of a different economy based on good jobs with the general public. In that sense, I think we have made significant progress.

**Senator Dallaire:** The public seems to be on your side. Have your colleagues in the other unions joined with you in solidarity in anticipation of what is to come?

**Mr. Lemelin:** Absolutely. People came to the picket lines: community groups, women's groups, and so on. We have made solidarity pacts with the other unions because everyone understands full well that the challenges in our negotiation are the future challenges for the entire population.

People understand full well what is going on and they will continue to work to truly protect the future.

**Senator Dallaire:** Your answers are so clear that it is hard to understand why there are so many problems with the "big boss."

[English]

**Senator Mercer:** Thank you for being here this afternoon, gentlemen. This has been a fascinating process for us. We have learned some things and we have tried to learn about others, but some people have not been willing to give us answers.

To follow up on a couple of things that Senator Dallaire talked about, it seems that your union is being used to negotiate a baseline for all other public service unions, so there better be solidarity, I guess.

Earlier today, Senator Dallaire asked the CEO what he was going to do on the day you went back to work. Let us assume for a moment that it will be on Tuesday morning. He asked the CEO what he was going to say and what he was going to do. In the several attempts that Senator Dallaire made, he got no answer.

• (1720)

I think there must be a systemic problem in Canada Post. If I heard you correctly, you said that yesterday, after the legislation passed in the other place, you called management and asked if they wanted to talk about how to get back to work. Their answer, if I heard you correctly, was to wait for Royal Assent. Am I correct?

**Mr. Lemelin:** Yes, you are correct.

**Senator Mercer:** They did not even offer you a town hall meeting, and they were talking about having town halls all over the place.

Quite frankly, ladies and gentlemen, this is kind of silly. The union calls and says the legislation is going to pass; let us sit down and talk about how we go back to work. Never mind the contract. They say to wait until you are ordered back to work by the legislation. We might have stumbled on part of the problem at Canada Post.

When you go back to work, you have said that you will comply. Number one, the penalties are pretty stiff. What happens if the attitude of Canada Post does not change in the next three months?

**Mr. Lemelin:** They have a new CEO. You met him. He has been there four months. The first time we met was February 1. We met again four months later, on June 1, during this negotiation. I know it is a difficult time for everyone with this kind of issue.

There has always been a problem at Canada Post. Not just I, but other people have said that. At Canada Post, until now, no one was looking at human resources.

One of the most important jobs in a corporation is human resources. Usually the people in human resources are at the negotiation table. That is what happens in most corporations, but not at Canada Post. The people at the table are those involved in labour relations, who deal day to day with grievance processes,

arbitration, et cetera. That is the reality. They have to change that. They need the people in charge of human resources to talk to the union about how to address this issue.

Sometimes we agree. We negotiated projects with Canada Post with respect to expansion of services, which is in our collective agreement. We negotiated a project around health that we put in place with Canada Post. However, when it is time to negotiate, these people are not there; it is the people involved in labour relations.

The next step for us is to go back to work. We said to our members: Go back to work and do your job. Do not put yourself in danger. It is a difficult situation. In time, we will see what will happen during this arbitration. We will not close the door on meeting with Canada Post. We will continue to meet. The issues around postal transformation are important for us, for management and for the postal service. Our goal is to make this environment more accessible for everyone and for people to feel comfortable in this environment.

**Senator Mitchell:** I agree that this is an affront to the collective bargaining process, which is in many respects a fundamental human rights principle in our society. This matter is not receiving, in any way, shape or form, the kind of respect it deserves.

One of the indications of that is how limiting this bill is. It specifies the wage scale and the term. It also specifies the limits to what can be done with respect to pensions. I am referring to clause 11(2)(a).

Could you comment on your interpretation of that clause with respect to the apparent implication that it seems to drive a dual pension scheme, one for existing employees and one for new employees, the latter of which will be far less beneficial to those employees than the former?

**Mr. Lemelin:** I will ask Mr. Bickerton to answer that, since he is the expert on pensions.

**Mr. Bickerton:** I am no expert on pensions.

**Senator Mitchell:** Neither is the government, obviously.

**Mr. Bickerton:** However, we will be engaging experts on pensions. I feel inadequate to answer your question directly. I will say that you can be sure that it is the objective of this union to ensure that that does not happen.

With respect to the solvency deficit, it is important to put on the record that in 2003 there was a solvency deficit of \$1.2 billion in the pension. By 2007, the pension had such a high surplus that the employer was taking a contribution holiday. Now we are back, as are many pensions, to a solvency deficit.

The going-concern deficit is very small with our current pension. I do not want to prejudge what the parties do before this arbitration, but it is important to remember that although it has been constantly painted as being in a critical condition, we do not believe it is.

As Mr. Lemelin said, we came up with several major proposals during this round of bargaining. One was to increase employee contributions and to set up a fund — a buffer, if you will — for future solvency deficit issues. Another proposal was to rejig the contributions, which would have involved increasing the contributions of our members. In addition, we brought two other proposals.

Each time, these proposals were rebuffed. This has been extremely frustrating. We had the sense from the very beginning that we were being used as part of a greater objective on the part of whomever, perhaps the government, to change the years of early retirement.

Our proposals would have applied to everyone. We want the same pension for everyone. We totally object to a two-tiered system for anything. We believe that people who work beside each other should get the same pay, benefits, working hours, et cetera.

Each time we made a proposal that would involve everyone, it was rebuffed. Instead, the answer always came back that they wanted to get rid of or amend significantly the early retirement provisions of the pension.

**Senator Mitchell:** You said that you proposed that your membership would offer to increase their contribution, and even with that, the employer would not accept the offer that you would increase your contribution. Was that because they argued that their contribution would have to increase as well? If there was a deficit and they took money out, they certainly had a responsibility to increase their contribution, one would think. Are they suggesting they would increase their contribution to make up the deficit that they precipitated because they took surplus out?

**Mr. Bickerton:** I would not say that they necessarily precipitated this because they took a surplus out. That is not quite correct. We proposed going from 40/60, where we pay 40 per cent and they pay 60, to 50/50.

**Senator Mitchell:** That underlines the likelihood that what is driven by this clause is the idea that there will be a two-tiered pension. Perhaps they will leave the defined benefit for existing employers, but they will bring in a defined contribution plan for new employees, which is much less valuable.

**Mr. Lemelin:** Your future is linked with the market. There is a big difference with the defined benefit pension, where you say at the beginning what you will have when you will retire. If you make \$200,000 a year, maybe having a defined contribution plan is something you can play with. However, when you have an hourly rate and a wage, you have to build something on your wage. Every full-time employee pays \$3,000 every year to the pension plan. It is our pension plan and we contribute to it. That is why we want a guarantee, when we retire, that our pension will be there for these years. That is important. That is why we made a proposal to the employer around contributions, but they said no. For us, I am sure everyone would be ready to pay \$500 to \$600 more per year to protect his or her defined benefit pension plan. We were ready to go in that direction, because we felt it would be better if we protected everyone.

• (1730)

**Senator Mitchell:** I agree with everything you have said. It seems to me that this clause definitely reflects that initiative.

Just to emphasize your point, if an employee is paying \$3,000 per year into a pension plan that is a defined contribution, that would be \$90,000 of contributions over 30 years — a good career. One can estimate the interest return on that, whatever it may be. Let us say it accumulates to \$150,000 or \$200,000 after 30 years, one cannot retire on \$200,000 at 3 per cent, 4 per cent or 5 per cent return. Even if one could get 5 per cent return, it would be \$10,000 per year. If someone works for 30 years alongside someone with a defined benefit pension, they could end up with \$4,000 to \$6,000 per year retirement. That is exactly where this clause is going. Good for you for fighting it.

[Translation]

**Senator Murray:** Earlier, you said that you had made a wage offer to the Canada Post Corporation in the past few days, which it rejected, only to revert to an offer it had made previously. Did I understand correctly?

**Mr. Lemelin:** Absolutely.

**Senator Murray:** Is this the same offer that was discussed in the Senate and the House of Commons, the offer from management that we compared to the wages the government plans to impose with this bill?

**Mr. Lemelin:** Ultimately, during negotiations, package deals are put on the table and everything is related. Compromises might be made in terms of wages, but then more emphasis is put on the cost-of-living allowance. Then, the other clauses are considered, as is the overall picture. The offer was part of a package deal yesterday morning, when we were already facing back-to-work legislation. This legislation will have a significant impact on the final offer.

Given the circumstances, we made an offer, which disappeared. The employer reverted to an offer, saying that the strike and lockout had cost the company hundreds of millions of dollars. I am talking about package deals, where information is exchanged. Before this package deal was offered, we were involved in a mediation process through Labour Canada. We came with an offer that had substance.

**Senator Murray:** Are you expecting better results from the arbitration process?

**Mr. Lemelin:** We will see what the results of the arbitration process are. There are still some fundamental human issues that people will not give up on. Things must always be put into context. However, a final decision must be made about whether or not it is acceptable. We made the decision, following the employer's actions, to try and live with the bill and find its faults.

Numerous suggestions were made today, and we will look at them. I would like to thank you for your suggestions and ideas concerning the legislation. These issues will be carefully studied by our legal counsel.

[English]

**Senator Cordy:** Thank you for being here today. Earlier this afternoon, Minister Raitt said in defence of Bill C-6 that all other avenues had been exhausted and that is why the back-to-work legislation was put forward. What is the position of the union? Were all avenues exhausted before the back-to-work legislation was tabled and before the lockout happened, for that matter?

**Mr. Lemelin:** It is easy for the minister to say that because at that moment we were in negotiations and we were putting pressure on the employer. At the same moment Canada Post decided to lock us out, the government decided to table this legislation. As soon as Canada Post looked at this legislation and saw this final offer selection, it is clear that they just sat down to wait and said to the union, "Let go of all of your principles and demands and just say 'yes' to what we are offering."

It was unfair to have this back-to-work legislation tabled because Canada Post decided to lock us out, so it should have been back-to-work legislation on Canada Post. When we met with Minister Raitt on June 8 or June 9, we offered then that, if the collective agreement was put back into place, then we would go back to work and continue to negotiate. We stated that publicly, I think on June 9 or June 10. That is what we offered to do. We said the same thing again to Mr. Chopra, put the collective agreement back in place and we will go back to work.

Starting June 15, however, it was easy for the employer to sit back, relax and see what would come out of this legislation. One could say Canada Post had not been consulted on the legislation itself, but, for us, there was clearly a coalition between Canada Post and the government on this back-to-work legislation.

**Senator Cordy:** So, you were willing to go back to work and negotiate —

**Mr. Lemelin:** Yes.

**Senator Cordy:** — rather than have Bill C-6.

**Mr. Lemelin:** Yes.

**Senator Cordy:** That is interesting.

There has been much reference to a similar bill in 1997, but at that time it was actually an 11-day strike, whereas in 2011 we are talking about a lockout of the employees of Canada Post, so people are not always sure of the distinction there.

You made reference to this earlier in terms of the early retirement, and people also talked about wages. What affect will Bill C-6 have on future collective bargaining, not just with your union, but all the other unions involved, both government and non-government unions? What affect do you think it will have on the collective bargaining process?

**Mr. Lemelin:** I think it is important because if we go back in time, we have not had this kind of arbitration, but in 1987 there was back-to-work legislation and we had an arbitrator. Twenty-four years later, we are still living with the decisions made by this arbitrator because of the fact that they did not really understand the issues. I think that is important.

If we have someone come in who does not understand labour relations issues and collective agreements, he can make decisions that will forever change labour relations at Canada Post. That can have a big impact on all collective agreements and the results of 45 years of negotiation.

Also, there will be a big impact around the message that the government is sending now, which is clear: If you do not comply with lower wages, fewer benefits and less pension, then we will legislate you back to work. That is the message we heard and that is the message that the labour movement has heard as well. When I discuss this with people, that is what they tell us: You are the first after the federal election, but there will be others. We will see.

**Senator Cordy:** In terms of the arbitrator who will be appointed if Bill C-6 passes, you spoke about having an arbitrator who may not understand collective bargaining and Canada Post. Do management and the workers have any say at all in who the arbitrator will be?

**Mr. Lemelin:** We have proposed an amendment to that wherein the two parties will submit a list of ten arbitrators and if the same names are on both lists, then one of those people will be chosen. Now there is none of that. Everything has been rejected.

• (1740)

The minister will decide who will be appointed. I heard her say this morning that retired judges could be arbitrators. However, she insists on the fact that people must have a good view about labour relations.

**Senator Cordy:** Thank you very much.

**Senator Mahovlich:** I want to get back to what Senator Carstairs was talking about. She mentioned salaries, and you were saying that some people get \$24 an hour and that some people get \$17. Where would a woman fit on that totem pole? I have seen many women carriers in Toronto. Where would a woman fit as far as salary goes?

**Mr. Lemelin:** Could you repeat that? I did not hear you because of the noise.

**Senator Mahovlich:** Senator Carstairs mentioned the salary scale. The top salary was \$24 per hour. Someone got \$17, then someone else got \$13, and it was not even. Would a woman get \$24 an hour as a carrier?

**Mr. Lemelin:** Yes, we have the same wage for everyone. We had that fight in the 1960s around the issue of women's wages.

**Senator Mahovlich:** You have settled that fight?

**Mr. Lemelin:** Yes, they get the same wage.

What you have said is very important. Who are the temporary workers? Who is a part-timer? They are mostly women. With this kind of legislation, when people get less, women will be affected first.

[ Mr. Lemelin ]

**Senator Mahovlich:** They will get less.

**Mr. Lemelin:** Yes, they will get less with that. That is clear.

**Senator Mahovlich:** I want to bring to your attention that here in the Senate one of the greatest all-time senators was a union leader, the Honourable Ed Lawson. He used to be head of the Teamsters, and he was a senator here. We have a lot of respect for unions here.

**Senator Di Nino:** First of all, welcome. Your testimony certainly has added to our understanding of this issue.

I am sure that there are no disagreements when I state that the stoppage of postal services is having a negative impact on many Canadians, not only on small businesses, but also on large businesses, seniors waiting for their pension cheques, charities waiting for their donations, et cetera. I think they would like to hear from you a little more clearly than what you have articulated to us already. You have probably answered this question during your testimony: If this bill is passed, when will you and the members of the union be back at work?

**Mr. Lemelin:** At the moment, we negotiate with Canada Post. The bill will be in force in 24 hours. We are ready to go.

**Senator Di Nino:** You are ready to go. How long will it take you to be fully operational again once that happens?

**Mr. Lemelin:** We want everyone at work the first day.

**Senator Di Nino:** That is good to hear. I appreciate that.

I think you also have answered the next question affirmatively, but I want to put it on the record. Do you think that all of your members will be back to full cooperation with management in making sure that postal services are back to normal as soon as possible?

**Mr. Lemelin:** Absolutely, our orientation has always been to maintain a universal and public postal service, and we go with that.

**Senator Di Nino:** Thank you.

**The Chair:** Witnesses, thank you very much for being here today, and it remains for me to say on behalf of all honourable senators that we deeply appreciate your taking time to join us and assist us in our work on Bill C-6.

You may now be excused. Thank you very much.

Honourable senators, is it agreed that we move to clause-by-clause consideration of Bill C-6, An Act to provide for the resumption and continuation of postal services?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Honourable senators, shall the title stand postponed?

**Hon. Senators:** Agreed.

**The Chair:** Carried.

Shall clause 1 stand postponed?

**Hon. Senators:** Agreed.

**The Chair:** Carried.

Shall clause 2 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 3 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 4 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 5 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 6 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 7 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 8 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 9 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 10 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 11 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 12 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 13 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 14 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 15 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 16 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 17 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 18 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 19 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 20 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 21 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 22 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall clause 1 carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall the title carry?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall the bill carry without amendments?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

Shall I report the bill without amendment?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Chair:** Carried, on division.

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**The Hon. the Speaker *pro tempore*:** Honourable senators, the sitting of the Senate is resumed.

#### REPORT OF COMMITTEE OF THE WHOLE

**The Hon. the Speaker *pro tempore*:** Honourable senators, the Committee of the Whole to which was referred Bill C-6, An Act to provide for the resumption and continuation of postal services, has examined the said bill and directed me to report the same to the Senate without amendment on division.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Some Hon. Senators:** Now.

**The Hon. the Speaker:** Is leave granted?

**Hon. Senators:** Agreed.

[*Translation*]

**Hon. Claude Carignan (Deputy Leader of the Government):** Honourable senators, with leave of the Senate and notwithstanding rule 58(1)(b), I move that the bill be read the third time now.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

[*English*]

#### THIRD READING

**Hon. James S. Cowan (Leader of the Opposition):** Honourable senators, I spoke earlier in the day and outlined the reasons we were opposed to this bill and suggested ways in which we felt the bill could be improved. The amendments that I will propose are the same amendments Mr. Rae proposed in the House of Commons. Those of you who have been up for the past 56 hours and followed every minute of that debate will be fully aware of all the arguments in favour of and, perhaps, against his proposed amendments. I will spare honourable senators the arguments for and against the amendments and simply propose them.

I have advised my friend Senator Carignan that I would propose all four amendments at once, with leave of the house, and I would propose that they be dealt with and voted upon in a single package, en bloc.

I understand as well that Senator Baker has two amendments. I would propose that he propose them so that we could deal with them all at once, if that is acceptable to the house.

• (1750)

**The Hon. the Speaker:** Is that agreed, honourable senators?

**Senator Carignan:** Agreed.

#### MOTIONS IN AMENDMENT

**Hon. James S. Cowan (Leader of the Opposition):** Honourable senators, I have the amendments in both official languages. I move:

That Bill C-6 be not now read a third time, but that it be amended:

(a) on page 4, clause 11, by deleting lines 19 to 36;

(b) on page 5, clause 13,

(i) by replacing line 11 with the following:

“13. (1) Subject to subsection (2),” and

(ii) by deleting lines 24 to 30;

(c) on page 5, clause 14, by replacing line 31 with the following:

“14. (1) Despite”; and

(d) on page 6, clause 16, by replacing lines 20 and 21 with the following:

“provided for in subsection 14(1), and to give”.

**The Hon. the Speaker:** Is there debate on these amendments?

**Hon. George Baker:** Honourable senators, since the amendments will be dealt with as a group, I will propose two more amendments to those already moved, in view of the evidence we heard today. I do so in order that the Senate will be on the record as observing and at least moving an amendment. That is all to say that the bill should have been looked at more carefully in the House of Commons, as many bills should be, but especially this one.

I spoke to some of the officials before doing this. I am not proposing that we change the word “must” to “shall” to meet the requirements of the Canada Labour Code and this legislation, because it is right throughout the bill that we are dealing with here today.

However, on the second problem I will propose that subclause 6(1) be changed to add the words that were present in the 1997, 1991, 1987 and 1984 back-to-work legislation for postal

workers, that is, that the period during which the post office was not delivering mail should be excluded from the collective agreement and the provisions of the new bill. The reasons are clear.

If honourable senators go to the next clause, you see that it says:

7. During the term of the collective agreement as extended by subsection 6(1), it is prohibited

(a) for the employer . . . to declare or cause a lockout against the union;

(b) for the union and for any officer or representative of the union to declare or authorize a strike against the employer;

In other words, in my opinion and that of others on this side, the present wording of this bill authorizes the retroactive commission of a summary conviction offence under this legislation against Canada Post because they would have violated what is in the bill we are now passing.

As well, honourable senators, unless you take out that period in which the post office was not operative and say that the collective agreements shall apply to that period of time as if there had been no interruption, which is what this bill says, then every single worker is due his and her salary. That is why it was in the 1997 legislation, on which I worked. There is a double reason for that amendment.

The second amendment would change the last portion of the bill, which defines a “person.” The 1997 and the 1991 legislation ordering the postal workers back to work said that the union is a person and the employer is a person.

Under this bill, if a person is convicted of an offence, they can be chased anywhere by the prosecution, by the Department of Justice. I will not read it all out, but they would receive a fine and costs, and judgment would be rendered against them in the superior court of civil proceeding of the province in which the offence took place.

Under this proposed act, a person is only the union. Under all the previous acts a person was the employer and the union. I will put it on the record because it is the exact wording that I am using. The 1997 act, which the minister said they followed, says in section 20:

For the purposes of this Act, the employer and the union are deemed to be persons.

Why, in this legislation, would only the union be deemed to be a person and liable for a conviction in a superior court if they violate a section of the proposed act?

Honourable senators, I move:

That Bill C-6 be not now read a third time, but that it be amended:

(a) on page 2, in clause 6, by adding the following after the word “effect”:

“, except for the period beginning on June 15, 2011 and ending when this Act comes into force.”; and

(b) on page 7, clause 21, by replacing lines 21 and 22 with the following:

“**21.** For the purposes of this Act, the employer and the union are deemed to be persons.”

Honourable senators, I am moving these amendments because it will not require any more time than the other proposed amendments will take, but it is an illustration of the great job that the Senate does of pointing out to the House of Commons that there are sometimes errors made in legislation that should never be made.

Do not misunderstand me. The reason we asked our questions of the minister was to learn the intent of the government. That will sometimes, as honourable senators know, suffice in law. This is simply a way of saying that the Senate has identified possible errors and suggesting that the next time the House of Commons pay better attention or perhaps put bills through the Senate before they go through the House of Commons.

[Translation]

• (1800)

**The Hon. the Speaker:** Honourable senators, it is six o'clock. Is it your intention, honourable senators, to continue the deliberations?

**Hon. Claude Carignan (Deputy Leader of the Government):** Honourable senators, I have seen the clock for part of the afternoon, and I move that we no longer see the clock.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

[English]

**The Hon. the Speaker:** Honourable senators, we have six amendments. It was agreed by the house that we would deal with all of these as a group. That became a house order.

All those in favour of the motions in amendment will please say “yea.”

**Some Hon. Senators:** Yea.

**The Hon. the Speaker:** All those opposed to the motions in amendment will please say “nay.”

**Some Hon. Senators:** Nay.

**The Hon. the Speaker:** In my opinion, the “nays” have it. The motions in amendment are defeated, on division.

[ Senator Baker ]

Honourable senators, we are now at third reading. It was moved by the Honourable Senator Carignan, seconded by the Honourable Senator Mockler, that this bill be read the third time. Is it your pleasure, honourable senators, to adopt the motion?

**Some Hon. Senators:** No.

**The Hon. the Speaker:** All those in favour of the motion will please say “yea.”

**Some Hon. Senators:** Yea.

**The Hon. the Speaker:** All those opposed to the motion will please say “nay.”

**Some Hon. Senators:** Nay.

**The Hon. the Speaker:** Is the motion carried, on division? No.

*And two honourable senators having risen:*

**The Hon. the Speaker:** There will be a standing vote. Would the whips advise as to how long the bell should ring?

**Hon. Elizabeth (Beth) Marshall:** Now? Half an hour?

**Senator Murray:** No, not now.

**Senator Marshall:** Half an hour.

**Hon. Anne C. Cools:** Honourable senators, please, a tiny point of order: I would point out that the motion was duly moved for third reading, but His Honour neglected to call for debate. I had the impression that a few senators here wanted to speak to the item.

**The Hon. the Speaker:** Honourable senators, the Speaker is always willing to serve the will of the house. I thought I was clear in the motion that I put. I did not rush it and put it slowly. It was, “Shall the third reading motion be put?” I then repeated, “It was moved by Senator Carignan, seconded by Senator Mockler,” and the question had been called and the motion was put. I saw no senator rise, and therefore the question was put and the oral vote was taken.

Two senators having risen, we are now at the stage of calling in the senators for a recorded vote. It is the whips who give advice to the Speaker as to how long the bell will be. If there is no agreement between the whips, the bell will be one hour. Can I please have the advice from the chief government whip and the chief opposition whip?

We are in the midst of a vote. There are no points of order.

**Senator Marshall:** One half hour.

**The Hon. the Speaker:** It will be a 30-minute bell. Agreed? The vote will take place at 6:32 p.m. Call in the senators.

• (1830)

Motion agreed to on the following division, and bill read third time and passed, on division:

YEAS  
THE HONOURABLE SENATORS

Andreychuk	MacDonald
Angus	Manning
Ataullahjan	Marshall
Boisvenu	Martin
Braley	Meighen
Brazeau	Meredith
Brown	Mockler
Carignan	Nancy Ruth
Champagne	Neufeld
Cochrane	Nolin
Comeau	Oliver
Cools	Patterson
Demers	Plett
Di Nino	Poirier
Duffy	Raine
Eaton	Rivard
Finley	Runciman
Fortin-Duplessis	Segal
Frum	Seidman
Gerstein	Smith ( <i>Saurel</i> )
Greene	Stewart Olsen
Housakos	Stratton
Johnson	Tkachuk
Kinsella	Verner
Kochhar	Wallace
Lang	Wallin—53
LeBreton	

NAYS  
THE HONOURABLE SENATORS

Baker	Jaffer
Carstairs	Joyal
Chaput	Lovelace Nicholas
Cordy	Mahovlich
Cowan	McCoy
Dallaire	Mercer
De Bané	Merchant
Downe	Mitchell
Eggleton	Murray
Fairbairn	Pépin
Fox	Poulin
Fraser	Ringuette
Hubley	Tardif—26

ABSTENTIONS  
THE HONOURABLE SENATORS

Nil

• (1840)

NATIONAL STRATEGY FOR CHRONIC CEREBROSPINAL  
VENOUS INSUFFICIENCY (CCSVI) BILL

FIRST READING

Leave having been given to revert to Introduction and First Reading of Senate Public Bills:

**Hon. Jane Cordy** presented Bill S-204, An Act to establish a National Strategy for Chronic Cerebrospinal Venous Insufficiency (CCSVI).

(Bill read first time.)

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

(On motion of Senator Cordy, bill placed on the Orders of the Day for second reading two days hence.)

THE ESTIMATES, 2011-12

MAIN ESTIMATES—THIRD REPORT  
OF NATIONAL FINANCE COMMITTEE ADOPTED

The Senate proceeded to consideration of the third report (first interim) of the Standing Senate Committee on National Finance (2011-2012, *Estimates*), presented in the Senate on June 23, 2011.

**Hon. Irving Gerstein:** Honourable senators, I rise today to speak to the third report of the Standing Senate Committee on National Finance in this Forty-first Parliament concerning the Main Estimates for the fiscal year 2011-12. I draw to your attention that these estimates are the same estimates presented to the Senate in March 2011.

Honourable senators, no one could sum the situation up better than Yogi Berra, who said, “It’s like déjà vu all over again.” I spoke at some length on the Main Estimates 2011-12 on Wednesday, March 23, 2011, and have nothing more to add today. I move adoption of the report.

**Hon. Grant Mitchell:** Honourable senators, I want to mention something briefly. I do not want to come between the Senate and its summer recess any longer than necessary, but speaking of summer raised the question of heat, greenhouse effects and climate change effects.

I want to acknowledge the presentation today by Senator Raine when she tried to draw the connection between weather and climate, but in the end concluded in a way that suggests that she, perhaps, does not agree with the science on climate change, that climate change is occurring and that it is being caused by human activity. In fact, she concludes by saying, “It is only when new trends last for many decades that we can start to say that we are witnessing climate change,” which is an open-ended statement saying that she has not concluded that.

That would be problematic in two possible ways. One is that she is contradicting the Prime Minister, who has said clearly that he endorses the 2 per cent limit in climate increase. This is important because it would be reflected one way or another in the priorities

that, in turn, should be, in one way or another, reflected in the estimates. The Prime Minister has accepted the science of climate change clearly on two occasions. Internationally, he has accepted the 2-degree temperature increase and the implications for managing and reducing greenhouse gas emissions.

Either the honourable senator is disagreeing with the Prime Minister, which would suggest an ability to speak freely and openly and to contradict that side of the house — of course, that would suggest some division in the caucus, which would be interesting if not more than interesting — or, in fact, she is reflecting a change in the priorities and a lack of commitment to that very important scientific standard.

I simply make this point so that it is very clear that there is this question in what the honourable senator said today. I also wish to express to the Senate and to the Prime Minister that I hope very much that it does not reflect what he believes and what he has been saying does not reflect in any way a change from that very clear statement that he believes in the science of climate change and that human activity is, in fact, creating climate change.

**Hon. Roméo Antonius Dallaire:** Honourable senators, in a rebuttal to the quote of that great American philosopher Yogi Berra, who played baseball on occasion, he also said “The future ain’t what it used to be.”

**The Hon. the Speaker:** Might I ask honourable senators if they are ready for the question?

**Some Hon. Senators:** Question!

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

(Motion agreed to and report adopted.)

## APPROPRIATION BILL NO. 1, 2011-12

### THIRD READING

**Hon. Irving Gerstein** moved third reading of Bill C-8, An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2012.

**Hon. Terry M. Mercer:** Honourable senators, I seldom enter the debates on money bills, but I do so every year at this time to again complain, not about Senator Gerstein, but about the system we find ourselves in again. This would happen when I first came here, when I was sitting on that side, and this has happened for years around here, namely, that these bills come to us at the last minute and we are not able to properly study them.

I want to refer honourable senators to a statement made by Ms. Fraser, the former Auditor General, who said that the government must provide better information on spending estimates for MPs. Her comments were aimed at normal spending review cycles. She went on to say:

This is one of the most fundamental roles. To approve or vote on how funds are going to be spent. It goes way back to the traditions and very beginnings of our system of democracy.

That is it.

I want to talk about what has happened over in the other place. They are worse than we are this time. I was trying to be nice to them; they were up late the last couple of nights. However, they approved things lickety-split over there and then refer all of it to one committee — not to all the committees they have established over there, but to one committee — the Standing Committee on Government Operations and Estimates. That committee had time for only one meeting not too long ago. In that one meeting they were to review the National Defence budget of \$21.3 billion; health, at \$3.3 billion of federal spending; and Treasury Board Secretariat. All were done in one meeting.

Honourable senators, are we really doing our job if we are only casually glancing at the books as they go by? The Auditor General has told successive governments that we need to start looking at these things in more detail, which means that in this place we need to get the bills over here much earlier. I compliment Senator Day and Senator Gerstein for the good work their committee does. Theirs is an excellent, hard-working committee, but they cannot get the job done if we receive the bills at the last moment.

• (1850)

Honourable senators, I want to take a moment to pay tribute to some important people around here, since this will apparently be our last day. I want to pay tribute to the good people in the booth who interpret for us and who stumble through some of my speeches. I would like to thank them for their hard work on our part.

I want to thank all the people at the table and the reporters as well. Particularly this year, as it has been a rough go over the last little while, I want to pay tribute to the pages, who do such a good job on our behalf.

**Hon. Lowell Murray:** Honourable senators, I join with Senator Mercer in thanking those who serve us so well and who make this, I think, the most agreeable place on earth in which to work.

I had indicated to Senator Gerstein a few minutes ago that I would intervene briefly at this stage, impose upon your patience, and take advantage of the latitude that is offered by these supply bills to offer a few comments.

We are heading into a period of fiscal austerity for the next four or five years. We know that the government has set deficit-reduction targets, targets for a balanced budget by I think it is 2014-15. We know also that to make the balanced budget target possible, the government has set out certain projections for program expenditures. It is pointless to speculate as to whether the government can or cannot, or will or will not achieve those targets at this point. Whatever the inherent shortcomings of the projections may be, the fact of the matter is that there are circumstances external and internal to Canada that could, as we know, have a radical impact on those projections.

It reminds me a bit of the famous statements by the former United States Defense Secretary Donald Rumsfeld, about known knowns, known unknowns and unknown unknowns. That is what the government and the fiscal managers are facing at the moment. By the way, I do not know why people were so critical of Mr. Rumsfeld. I reread the other day his statement about known knowns, known unknowns and unknown unknowns. It seems to me that, when you think about it, it makes perfect sense.

With regard to the program expenditure projections, it is fair to recall that this government, in the first several years for which it would be fair to hold them responsible for the nation's finances, was increasing program expenditures at a rate considerably in excess of the rate of growth of the economy, the rate of growth of their revenues and the rate of growth of inflation, and this was before the international financial crisis hit.

We should note that in the four or five years just ahead the government is projecting that its program expenditures will increase at a rate substantially below the rate of economic growth, substantially below the rate of growth of their expenditures and substantially below the rate of inflation. This is year after year, for four or five years ahead.

I will leave it at that, although I think we all know that it would be very difficult for any of us to pay the groceries, let alone the fuel bill, if we were held to spending at a rate of growth well below the rate of inflation.

At the same time, the government is committed to increasing the Canada Health Transfer by 6 per cent — which is way ahead of economic growth, inflation or revenues — and the Canada Social Transfer by 3 per cent.

Certainly this is something that will bear watching. Absent an unexpected buoyancy in revenues, if the government is going to meet its targets, it will not be as easy as spokesmen for the government, including Minister Flaherty, seem to sometimes indicate.

The other item I want to say a word about is transfers to the provinces. The budget implementation bill passed without my knowing it. Senator Gerstein had to remind me that it had already passed. I was preoccupied with the private member's bill for Queen's University.

When we passed the budget implementation bill, it contained a provision under which special payments are going from the treasury this year, under the Federal-Provincial Fiscal Arrangements Act, to Quebec for, in round figures, \$369 million; to Nova Scotia, \$158 million; to New Brunswick, \$150 million; and to Manitoba, \$275 million.

What is this money for? This money is to keep those provinces whole because of declines in those amounts that they would otherwise suffer in the total transfers for equalization, Canada Health Transfer and Canada Social Transfer. I found that rather interesting.

I do not have the exact dollar figures, but these transfer protection payments were made in 2010-11 on a one-off basis. This was going to be a one-year phenomenon. This year, they have been made for the second year on a one-year basis, we are told by the officials.

I was interested to know how those declines would have taken place and to what these declines could be attributed. When we had the official from the Federal-Provincial Relations and Social Policy Branch of Department of Finance before us, Mr. McGirr, he made it clear, under questioning, that it was not the CHT or the CST; rather, all those declines would have been attributable to the working of the equalization formula because of the two new caps that Mr. Flaherty and the federal government brought in on equalization — one a cap on the overall pool of equalization funds and one a cap on the entitlement of any individual province.

The reason I am raising this matter is that these provinces are now at the mercy of ad hoc arrangements for the next few years. I tell especially those honourable senators who come from those places that they should pay attention to this. A new formula will be brought in — I think it is around 2014-15 again — for equalization. However, until that time, those provinces could be suffering quite severe declines in their equalization entitlements unless we make sure that the government ponies up and keeps them whole against the effects of the amendments to the formula that the government made in the last couple of years.

I have one final point with regard to the Canada Health Transfer negotiations that will take place. There is speculation, and the most prominent individual who raised this, although by no means the only one, is the Honourable Maxime Bernier. Before he returned to cabinet, he advocated that the entire Canada Health Transfer should be paid out in tax points that would be transferred to the provinces. Professor Boessenkool and others have advocated in the same vein.

• (1900)

There is a lot to be said for tax point transfers. I think I told honourable senators before that I was present at the federal-provincial conference in the 1970s when Prime Minister Trudeau announced that the federal government was prepared to transfer 13.5 points on the personal income tax and 1 point on the corporate income tax for what were called established programs financing. He was trying to persuade them, and he did persuade them, that this would increase the flexibility of the provinces to follow their own priorities, and so on and so forth. Of course, they did not see the Canada Health Act coming down the pike at that time; it came later.

Since that time, there has been great resistance in Ottawa, principally — although not only — in the Department of Finance to further transfers of tax points to the provinces. The reason for the resistance is the strong conviction, the knowledge that once the tax point is transferred, you never get it back; it is gone. There is a real concern that at some given point a transfer of tax points may permanently weaken the fiscal capacity of the federal government. That is something to be conjured with and to be concerned about. It may be that another couple of points off the GST and the provinces filling the vacated room may not amount to much, but there is a point, and I certainly have no idea what that point is, when those tax point transfers would permanently weaken the fiscal capacity of the federal government.

The reason for my raising it now is to suggest to honourable senators that they keep a very close eye on it. I say to honourable senators in the Conservative caucus in all candour that they

should insist — while they cannot expect reasonably to be in the negotiation room, they should insist that the appropriate ministers keep them fully briefed as to what the general approach of the government will be on these matters.

As for the issue of when tax point transfers truly endanger the fiscal capacity of the federal government, I am suggesting that some committee of this place — perhaps the Finance Committee, perhaps some other — ought to take that on because as of now, it is hypothetical but it could become very real in a few years. I think it would be wise to convene some experts and place some solid opinions on the table of a non-partisan nature so that the government — but mostly Parliament and the provinces — will know exactly what we are dealing with if it comes to that in the federal-provincial negotiations.

**Hon. Jane Cordy:** Honourable senators, I happened to be at the meeting of the Finance Committee last week, and I was quite surprised. Perhaps the honourable senator can answer this question.

I believe it was a four-year plan for Aboriginal housing, and I found it unusual that this funding was not in the Main Estimates but rather in the supplementary estimates. I would think that if it is a four-year plan, it would be in the Main Estimates. Is there a reason for that?

**Senator Murray:** I am sorry, I do not have the answer to that question, although I think it came up at some point during the committee deliberations. Perhaps Senator Gerstein has a better recollection of it than I do.

[Translation]

**Hon. Pierrette Ringuette:** Honourable senators, I would like to digress a little and talk about the Standing Senate Committee on National Finance.

Honourable senators, the Senate will lose a very important person in the fall. I am referring to the Honourable Senator Lowell Murray, who was chair of the Standing Senate Committee on National Finance for a number of years.

When I started sitting on the Finance Committee eight years ago, he was an unofficial mentor to me, guiding me through all of the rules, showing me the ropes, and helping me identify issues concerning Atlantic Canada, which were so important to us.

I would like to point out that in the bill before us, millions of dollars are allocated to recreational facilities in Southern Ontario, while in other regions of the country, this funding has been completely eliminated from the budgets of regional economic development organizations.

I should also point out that this bill provides \$44.9 million for the Broadband Canada: Connecting Rural Canadians program. Once again, honourable senators, I would like to mention that the funding for the Atlantic Canada Opportunities Agency for this particular program has been cut.

[ Senator Murray ]

In conclusion, I would like to thank Senator Lowell Murray from the bottom of my heart for serving for so many years on the Finance Committee, not just for the good of the Senate, but for the good of Canadians across the country. Thank you, Senator Murray.

[English]

**Senator Murray:** Honourable senators, I thank Senator Ringuette for her comments and I move that the question be now put.

**The Hon. the Speaker:** Are honourable senators ready for the question?

**Hon. Senators:** Question.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

(Bill read third time and passed, on division.)

[Translation]

## ROYAL ASSENT

### NOTICE

**The Hon. the Speaker** informed the Senate that the following communication had been received:

### RIDEAU HALL

June 26, 2011

Sir,

I have the honour to inform you that the Honourable Louise Charron, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 26th day of June, 2011, at 8:30 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

*Secretary to the Governor General*  
Stephen Wallace

The Honourable  
The Speaker of the Senate  
Ottawa

[English]

## APPROPRIATION BILL NO. 2, 2011-12

### THIRD READING

**Hon. Irving Gerstein** moved third reading of Bill C-9, An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2012.

**The Hon. the Speaker:** Are honourable senators ready for the question?

**Hon. Senators:** Question.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

**Some Hon. Senators:** On division.

**The Hon. the Speaker:** On division.

(Bill read third time and passed, on division.)

• (1910)

### FISHERIES AND OCEANS

COMMITTEE AUTHORIZED TO STUDY ISSUES  
RELATING TO FEDERAL GOVERNMENT'S CURRENT  
AND EVOLVING POLICY FRAMEWORK  
FOR MANAGING FISHERIES AND OCEANS AND REFER  
PAPERS AND EVIDENCE SINCE BEGINNING  
OF THIRD SESSION OF FORTIETH PARLIAMENT

**Hon. Fabian Manning,** pursuant to notice of June 23, 2011, moved:

That the Standing Senate Committee on Fisheries and Oceans be authorized to examine and to report on issues relating to the federal government's current and evolving policy framework for managing Canada's fisheries and oceans;

That the papers and evidence received and taken and work accomplished by the committee on this subject since the beginning of the Third Session of the Fortieth Parliament be referred to the committee; and

That the committee report from time to time to the Senate but no later than September 30, 2012, and that the Committee retain all powers necessary to publicize its findings until December 31, 2012.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion.

**Hon. Senators:** Agreed.

(Motion agreed to.)

### SCRUTINY OF REGULATIONS

#### FIRST REPORT OF JOINT COMMITTEE ADOPTED

Leave having been given to revert to Other Business, Reports of Committees, Order No. 1:

The Senate proceeded to consideration of the first report of the Standing Joint Committee for the Scrutiny of Regulations (*permanent order of reference and expenses re rule 104*), presented in the Senate on June 23, 2011.

**Hon. Bob Runciman:** Honourable senators, I move the adoption of the report.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

(Motion agreed to and report adopted.)

### THE SENATE

**Hon. Gerald J. Comeau:** Honourable senators, I wonder if it would be agreeable to have the leaders on both sides take the floor now and say a few words, as we will be having Royal Assent later on.

**The Hon. the Speaker:** Honourable senators, is leave granted to have a few comments from the leaders on both sides prior to the adjournment motion and prior to our suspending to await the arrival of the deputy to His Excellency?

**Hon. Senators:** Agreed.

**Hon. Marjory LeBreton (Leader of the Government):** Honourable senators, I will be brief. I do not want to be killed by my caucus colleagues, who have been sitting here this since eleven o'clock this morning.

We started this session on June 2, which seems such a long time ago, although it has been a few brief weeks. It has been a short, busy but extremely productive session. I want to thank, first of all, my colleagues for all of their hard work and for their attendance to all the duties here in the Senate chamber. I also thank colleagues opposite for their hard work and diligence.

I would also like to thank all the Senate staff: the Clerk, the table officers, the interpreters, the committee clerks, maintenance staff, protective staff and our own personal staffs.

Honourable senators, we will be back in September, at which time I am sure we will have a very busy session. I want to take the opportunity to wish everyone a wonderful summer. Summers are so short in this country, and it is so nice to get off and be able to enjoy them.

Although he has left the chamber, I will acknowledge Senator Murray, who used to occupy this position and had a different perspective of this place when he was on this side. I wish him a very happy retirement.

Thank you, honourable senators.

**Hon. James S. Cowan (Leader of the Opposition):** Honourable senators, on behalf of all my colleagues on this side, I associate ourselves with the remarks of the Leader of the Government in the Senate. I wish all members of our extended Senate family a happy, relaxing and election-free summer. I hope we will all return invigorated, perhaps in somewhat better humour than we have been in from time to time in the last few weeks.

I know that everyone in this family of ours has worked very hard in what we all believe to be in the best interests of this great country of Canada. The Senate, as we have often said, is an underappreciated place, except by those of us who know what it really is. The senators do their job, and most of them work very hard all the time.

However, none of us could do the job we do without the support of the other members of the family, our own staffs, the Clerk and his staff, all the security guards, the interpreters and everyone else.

As well, I know that Senator Murray made a very brief intervention and then scooted out the door. I hope that we will have an opportunity to pay more fulsome tribute to him. He referred earlier in the afternoon to his institutional knowledge. Since I have come here, I have always listened carefully to what he has said. I have relied and leaned on him on a number of occasions for advice, which he has always given. I will not say that I always liked the advice he has given to me, but it was good advice. We will all miss his thoughtful participation and insightful interventions. We have seen several examples of it today. Time and time again, he has demonstrated that he is the very model of what he now is, an independent senator. Many of you will have known him when he was more partisan, and perhaps some of my colleagues did not appreciate his independent streak as much as we do now. Nonetheless, he has been a great senator and has made a great contribution to this house and, indeed, to our country. We are all very grateful for that, and we wish him a long, happy and healthy retirement. We know that he will be showering us with advice from time to time, whether we want it or not.

Happy summer, everyone.

#### TRIBUTE TO DEPARTING PAGES

**The Hon. the Speaker:** Honourable senators, three of our pages who have given honourable and distinguished service to the Senate will be leaving us as well this summer. We have them with us in the chamber.

Jonathan Yantzi, this year's chief page, was born and raised in Burlington, Ontario. He has served in the Senate for three years as a page while studying political science at the University of Ottawa. Jonathan hopes to begin a graduate degree in September 2012, after he completes his undergraduate studies next spring. His very refined singing voice will be missed. Thank you very much for the extra effort.

• (1920)

Peter Doherty is from St. Catharines, Ontario. He is entering his fourth year at the University of Ottawa in International Studies and Modern Languages, with Arabic as his third language and a minor in Economics. This summer he will continue to work in the Senate of Canada. He has had the great honour of serving us in the office of the Usher of the Black Rod.

Also leaving us this summer is Maria Habanikova, who was born in Zilina, Slovakia, but now considers Toronto to be her home. Congratulations to Maria who recently graduated from the University of Ottawa with a bachelor's degree in social sciences

[ Senator Cowan ]

magna cum laude. After a short visit this summer to her beloved Slovakia, Maria will be back doing a master's degree at the University of Ottawa in the Graduate School of Public and International Affairs in September.

On behalf of all honourable senators, I thank these three departing pages for their exemplary service to this honourable house.

**Hon. Senators:** Hear, hear!

[Translation]

**Hon. Claude Carignan (Deputy Leader of the Government):** Honourable senators, I realize I have my work cut out for me if I want to be as fast as Senator Comeau. He made great progress on the Orders of the Day in my absence.

I know that some of you are leaving for the summer. I want to thank my colleagues for their support and Senator Comeau for his valuable advice during my first few weeks as the deputy leader. It is an exceptional privilege to hold this position, and having the support of honourable senators is even more exceptional. I want to take this opportunity to thank them.

If I understand correctly where we are in the Orders of the Day, I suggest that we suspend the sitting pending the arrival of the Honourable Deputy of His Excellency the Governor General.

[English]

**The Hon. the Speaker:** Honourable senators, is it agreed that the Senate will now suspend, with the bells to ring at 8:15, as we await the arrival of the Deputy to His Excellency the Governor General?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** So ordered.

Honourable senators, do I have permission to leave the chair?

**Hon. Senators:** Agreed.

(The Senate adjourned during pleasure.)

• (2030)

[Translation]

#### ROYAL ASSENT

The Honourable Louise Charron, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Chair of Committees of the Whole, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to implement certain provisions of the 2011 budget as updated on June 6, 2011 (*Bill C-3, Chapter 15, 2011*)

An Act to amend the Criminal Code (mega-trials) (*Bill C-2, Chapter 16, 2011*)

An Act to provide for the resumption and continuation of postal services (*Bill C-6, Chapter 17, 2011*)

An Act respecting Queen's University at Kingston (*Bill S-1001*)

The Honourable Barry Devolin, Deputy Chair of Committees of the Whole of the House of Commons, addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour.

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bills:

An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2012 (*Bill C-8, Chapter 18, 2011*)

An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2012 (*Bill C-9, Chapter 19, 2011*)

To which bills I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bills.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

(The sitting of the Senate was resumed.)

---

## ADJOURNMENT

Leave having been given to revert to Government Notices of Motions:

**Hon. Claude Carignan (Deputy Leader of the Government):** Honourable senators, with leave of the Senate and notwithstanding rule 58(1)(h), I move:

That when the Senate adjourns today, it do stand adjourned until Tuesday, September 27, 2011, at 2 p.m.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

(Motion agreed to.)

(The Senate adjourned until Tuesday, September 27, 2011, at 2 p.m.)

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## CONTENTS

Sunday, June 26, 2011

	PAGE		PAGE
<b>SENATORS' STATEMENTS</b>			
<hr/>			
<b>International Indian Film Academy Awards</b>		Senator Ringuette . . . . .	199
Hon. Mobina S. B. Jaffer . . . . .	178	Senator Kinsella . . . . .	200
<b>Foreign Affairs</b>		Senator Duffy . . . . .	201
Canadian Citizen Detained in Lebanon.		Senator Cools . . . . .	201
Hon. Pierrette Ringuette . . . . .	178	Deepak Chopra, President and Chief Executive Officer, Canada Post Corporation . . . . .	203
<b>Climate Change</b>		Jacques Côté, Chief Operating Officer, Canada Post Corporation . . . . .	204
Hon. Nancy Greene Raine . . . . .	178	Senator Carstairs . . . . .	207
<hr/>		Senator Dallaire . . . . .	210
<b>ROUTINE PROCEEDINGS</b>		Senator Di Nino . . . . .	211
		Senator De Bané . . . . .	212
<b>Public Safety</b>		Senator Mitchell . . . . .	212
RCMP's Use of the Law Enforcement Justification Provisions— Annual Report Tabled.		Senator Joyal . . . . .	213
Hon. Claude Carignan . . . . .	179	Senator Kochhar . . . . .	213
<b>Restoring Mail Delivery for Canadians Bill (Bill C-6)</b>		Senator Comeau . . . . .	214
First Reading.		Senator Tardif . . . . .	214
The Hon. the Speaker . . . . .	179	Denis Lemelin, President of the Canadian Union of Postal Workers . . . . .	214
Hon. Claude Carignan . . . . .	179	Senator Mahovlich . . . . .	216
<hr/>		Senator Fox . . . . .	217
<b>ORDERS OF THE DAY</b>		Geoff Bickerton, Director of Research, Canadian Union of Postal Workers . . . . .	219
		Senator Cordy . . . . .	223
<b>Business of the Senate</b>		Report of Committee of the Whole.	
Hon. Claude Carignan . . . . .	179	The Hon. the Speaker <i>pro tempore</i> . . . . .	226
<b>Queen's University at Kingston (Bill S-1001)</b>		Hon. Claude Carignan . . . . .	226
Private Bill to Amend Constitution of Corporation— Message from Commons.		Third Reading.	
The Hon. the Speaker . . . . .	179	Hon. James S. Cowan . . . . .	226
<b>Restoring Mail Delivery for Canadians Bill (Bill C-6)</b>		Motions in Amendment.	
Second Reading.		Hon. James S. Cowan . . . . .	227
Hon. Michael L. MacDonald . . . . .	180	Hon. George Baker . . . . .	227
Hon. James S. Cowan . . . . .	181	Hon. Claude Carignan . . . . .	228
Hon. Lowell Murray . . . . .	185	Hon. Elizabeth (Beth) Marshall . . . . .	228
Hon. Jean-Claude Rivest . . . . .	186	Hon. Anne C. Cools . . . . .	228
Hon. Consiglio Di Nino . . . . .	187	<b>National Strategy for Chronic Cerebrospinal Venous Insufficiency (CCSVI) Bill (Bill S-204)</b>	
Hon. Terry M. Mercer . . . . .	187	First Reading.	
Hon. Bert Brown . . . . .	188	Hon. Jane Cordy . . . . .	229
Hon. Pierrette Ringuette . . . . .	188	<b>The Estimates, 2011-12</b>	
Referred to Committee of the Whole.		Main Estimates—Third Report of National Finance Committee Adopted.	
Hon. Claude Carignan . . . . .	189	Hon. Irving Gerstein . . . . .	229
Hon. Lisa Raitt, Minister of Labour . . . . .	190	Hon. Grant Mitchell . . . . .	229
Hon. Steven Fletcher, Minister of State (Transport) . . . . .	191	Hon. Roméo Antonius Dallaire . . . . .	230
Senator Cowan . . . . .	192	<b>Appropriation Bill No. 1, 2011-12 (Bill C-8)</b>	
Senator Segal . . . . .	192	Third Reading.	
Senator Jaffer . . . . .	193	Hon. Irving Gerstein . . . . .	230
Senator Meighen . . . . .	193	Hon. Terry M. Mercer . . . . .	230
Senator Eaton . . . . .	194	Hon. Lowell Murray . . . . .	230
Senator Mercer . . . . .	194	Hon. Jane Cordy . . . . .	232
Senator Murray . . . . .	195	Hon. Pierrette Ringuette . . . . .	232
Senator Finley . . . . .	196	<b>Royal Assent</b>	
Senator Meredith . . . . .	196	Notice.	
Senator Baker . . . . .	197	The Hon. the Speaker . . . . .	232
Senator Downe . . . . .	198	<b>Appropriation Bill No. 2, 2011-12 (Bill C-9)</b>	
		Third Reading.	
		Hon. Irving Gerstein . . . . .	232
		<b>Fisheries and Oceans</b>	
		Committee Authorized to Study Issues Relating to Federal Government's Current and Evolving Policy Framework for Managing Fisheries and Oceans and Refer Papers and Evidence since Beginning of Third Session of Fortieth Parliament.	
		Hon. Fabian Manning . . . . .	233

	PAGE
<b>Scrutiny of Regulations</b>	
First Report of Joint Committee Adopted.	
Hon. Bob Runciman . . . . .	233
<b>The Senate</b>	
Hon. Gerald J. Comeau . . . . .	233
Hon. Marjory LeBreton . . . . .	233
Hon. James S. Cowan. . . . .	233

	PAGE
Tribute to Departing Pages.	
The Hon. the Speaker. . . . .	234
Hon. Claude Carignan . . . . .	234
<b>Royal Assent</b> . . . . .	234
<b>Adjournment</b>	
Hon. Claude Carignan . . . . .	235



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