

Canada Post changes mean 8,000 fewer jobs

Mail carrier service also granted 4-year relief from having to address \$6.5B pension deficit

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Sweeping changes announced today to the way Canada Post operates could lead to as many as 8,000 fewer employees for the mail service.

[In a major announcement Wednesday](#), the Crown corporation said it will phase out home mail delivery service to urban customers. Almost 10 million Canadian households already don't have mail delivered right to their doors, and the latest news will affect the other five million households in the country.

Canada Post changes, by the numbers:

- Switch to community mailboxes will save \$400 million-\$500 million per year.
- New price of stamps will make \$160 million-\$200 million more per year.
- Opening more franchise post offices will cut \$40 million-\$50 million in losses per year.
- "Streamlining operations" will save \$100 million-\$150 million per year

Source: Canada Post

By switching to a system where mail receivers will go to community mailboxes (CMBs) to retrieve their letters, the mail service hopes to save hundreds of millions of dollars per year.

Part of that will come in labour savings, and the changes outlined Wednesday were very much made with an eye toward embracing a future with a major reduction in letter carriers.

- [Canada Post lost \\$104M in the second quarter](#)

The postal service says the average age of its employees is 48, and it expects as many as 15,000 Canada Post workers plan to voluntarily leave the company in the next five years.

"This is more than enough to allow for the reduction of between 6,000 and 8,000 positions, mainly through attrition," Canada Post said in the news release.

Canada Post's largest union, the Canadian Union of Postal Workers (CUPW), came out strongly opposed to the plans, calling them "the end of an era for Canada Post."

"We recognize that Canada Post needs to change, but this is not the way," union president Denis Lemelin said.

CANADA POST MAIL DELIVERY COSTS

DELIVERY METHOD	NUMBER OF ADDRESSES*	% OF TOTAL ADDRESSES	AVERAGE ANNUAL COST PER ADDRESS	* AS OF DEC. 31, 2012
Door-to-door	5,083,963	33%		\$283
Centralized point (e.g. apt. lobby lockbox)	3,797,444	25%		\$127
Group mailbox, community mailbox, kiosk	3,929,896	25%		\$108
Delivery facility (postal box, general delivery)	1,787,025	12%		\$59
Rural mailbox	739,411	5%		\$179
All methods	15,337,739	100%		\$168

SOURCE: CANADA POST 2012 ANNUAL REPORT

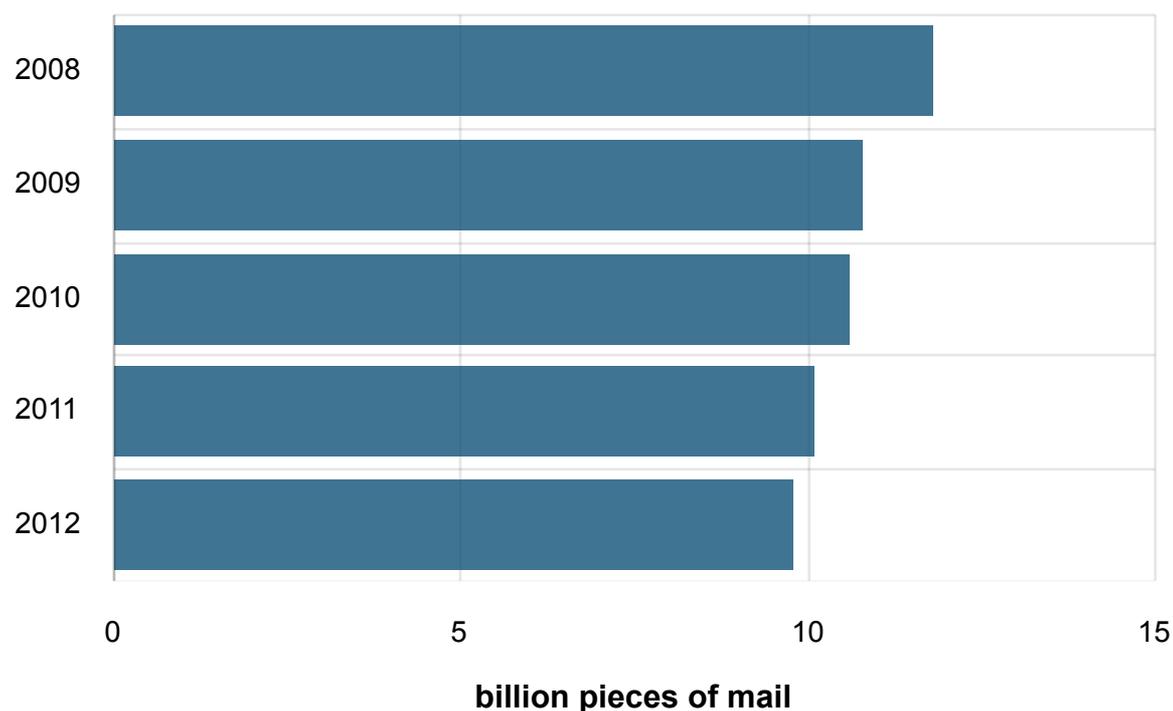
THE CANADIAN PRESS

"We are sure we are not alone in disagreeing with Canada Post's plan," said Lemelin. "We are extremely concerned that these changes will send Canada Post into a downward spiral."

The union pitched the idea of postal banks — where local post offices offer rudimentary banking services for customers — as a better option, noting that several nations have tried that approach with some success.

At the end of the 2012 fiscal year, Canada Post employed 68,000 and the company said it expects to continue to reduce its unionized workforce by at least 10 per cent over the next decade, so a reduction of between 6,000 and 8,000 positions is right within that range.

Volume of mail



Pension changes

In addition to service changes, the Crown corporation also announced a major overhaul to its pension plan.

Canada Post has about \$17 billion in assets in its pension plan, but also has a \$6.5-billion solvency deficit.

That sort of deficit would normally be solved by making special payments to top up the plan, something Canada Post is not in a good financial situation to do at the moment. The core mail operations have been losing hundreds of millions of dollars per quarter for several quarters in a row.

- [Canada Post by the numbers](#)

In a separate release Wednesday, the federal government said it was granting the postal service permission to not have to make those special payments for the next four years, in the hopes the service can alter its operations enough to overhaul its finances and make up the gap.

"The regulations provide Canada Post with more time to pay off its significant pension deficit so that it can restructure its operations for long-term viability," said Kevin Sorenson, the minister of state for finance.

Executive compensation will be restricted while that window remains in effect, Sorenson said.

"Canada Post will also take the necessary steps to permanently address the sustainability of its pension plan," the Crown corporation said in a release.