

I would like to first speak briefly of the bill itself and then tell you more about Canada Post, particularly the progress that has been achieved since its incorporation in 1981, and why an employee share savings plan is a common-sense next step for this corporation.

As I indicated, Bill C-73 will create a share capital structure at Canada Post. This is a necessary technical step to permit Canada Post to establish an employee share savings plan. Once established, the plan will be available to all employees on a voluntary basis and, as such, will not affect an individual's employment in any way.

The amendments to the Canada Post Corporation Act provide for the following: The corporation, with the approval of the Governor in Council on the recommendation of the minister responsible for Canada Post, the Minister of Finance, and the Treasury Board, to replace the equity of Canada on the balance sheet of the corporation with a share capital structure with one or more classes of shares. The shares created can only be held by the Crown and by employees of Canada Post or their trustees.

The shares held by the Crown will have exclusive voting rights and not more than 10 per cent of the shares can be held by employees.

Canada Post will remain a Crown corporation and an agent of the Crown. It will issue the shares to its employees in accordance with the share saving plan, to be approved by the Governor in Council on the recommendation of the same people I mentioned a moment ago. Dividends will be paid on the shares in accordance with the terms of the plan which will be worked out in cooperation with the employees.

It is anticipated, and I know all honourable colleagues would share this hope, that this plan will make a significant contribution towards improving management-employee relations at Canada Post and have a positive impact on productivity and operational efficiency. In turn, of course, these will only enhance the corporation's financial stability.

I mention financial stability because, as all honourable senators are aware, in 1981 the previous government, to its credit, converted the old money-losing post office department into a Crown corporation, primarily because it was becoming inefficient and increasingly expensive. A service that had created surpluses for most of the first half of the 20th century was annually recording deficits that had grown to \$600 million and threatened to reach the \$1 billion mark. This was unacceptable to all Canadian taxpayers.

The post office before its incorporation was so bogged down in entrenched attitudes and old conflicts that no one seemed to have the time or the energy to rise above the immediate problems and provide the organization with a sense of purpose and direction. Without an effective and efficient

postal system, Canada is ill-equipped to meet the challenge presented by an increasingly global economy.

The corporation was therefore established to provide purpose and direction and to bring business values to the operation of the postal system in Canada. It was completed with the consent of all parties because it was the only logical and common-sense solution to what was increasingly an intolerable problem.

Canada Post in 1981 had a long way to go before it could become profitable. Its plants were inefficient with outdated or obsolete equipment. Previous governments had always found more pressing needs for their limited resources, more pressing needs than investing in the capital assets of the post office.

This new corporation had annual revenues of more than \$1.5 billion, but no accounting system. It operated from one end of the country to the other, but no one knew where the mail was at any given time, least of all the persons who were intended to receive it.

In order to meet the enormous task that lay ahead, Canada Post had to begin thinking like a business. By asking Canada Post to prepare and submit annually a five-year corporate plan, the government recognized and encouraged this needed change in attitude.

As a result, the corporation began to emphasize a corporate culture, stressing such hitherto unknown values as customer sensitivity, quality, and reliability. These values are not easily installed anywhere, but the corporation, I think we would all agree, has worked hard over the years to ensure that they are the values by which Canada Post employees live day to day.

It is no exaggeration to say, honourable senators, that the corporation has undergone staggering changes. They have stood everything on its head. They have examined every process and questioned every assumption. They had to challenge their people every day. They demanded their creativity and their complete commitment. The process was tough on everyone from the floor of the post offices across the country to the top management, but this legislation before us will permit the employees who have done so much to make the Canada Post Corporation what it is today, to benefit. It will enable them to acquire a piece of the company and to benefit from the efforts they have put into its success.

For three consecutive years, Canada Post succeeded in earning a profit, not last year but the three previous years. As the only current shareholder, the Government of Canada has received payments from Canada Post of a not-insignificant sum, \$65 million. The strike last year by CUPW was probably the main reason for that unforeseen deficit, but management fully expects that the corporation will return a profit at the end of the present fiscal year and will continue to do so in subsequent years.

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