

The Committee notes that the Corporation has made significant progress in meeting two of these objectives. For this, the Corporation and its management team deserve credit. Postal services are more reliable, standards for the delivery of first-class mail are being adhered to, the number of postal outlets is increasing and service to large-volume mailers has improved. On the financial front, great strides have been made. In achieving its first operating surplus in nearly 30 years, the Corporation has progressed toward its goal of financial self-sufficiency. Additional profits in forthcoming years should enable it to finance the capital investment needed to introduce new products, further improve the reliability of services and keep pace with a rapidly changing marketplace.

As a general rule, there is a direct link between service and profitability; those firms which provide the best service are often among the most profitable. By continuing to be profitable, Canada Post will be able to achieve its primary objective of providing reliable, accessible and affordable service.

In the area of labour-management relations, however, much more needs to be done. Relations between management and employees continue to be acrimonious, although it would appear that progress will be made in settling the inordinately large number of outstanding grievances filed by employees. It is our belief that Canada Post must become increasingly aware of and responsive to the needs of its employees.

The year 1989 witnessed a number of significant developments for the future of Canada Post. First, the Corporation had its first operating surplus in more than three decades. Next, the Minister of Finance requested that the Corporation adopt a commercial mandate and achieve a target return on equity of 14%–15% in 1993–1994 while keeping first-class letter rate increases down to less than the increase in the Consumer Price Index. As part of this mandate, the Corporation is expected to pay a dividend of approximately \$300 million to the government for the five-year period ending with the 1993–1994 fiscal year. Finally, the Minister responsible for Canada Post suggested that the time has come to look at its possible privatization.

These developments, along with concerns expressed by the general public about a number of aspects of the Corporation's service, have prompted the Committee to examine Canadian postal services.

The Committee held public hearings in Ottawa from October 1989 to March 1990; during these, the Minister responsible for Canada Post Corporation, the President of Canada Post and 28 organizations and individuals were heard (see Appendix I for a list of witnesses).

In the course of our study, we have had the opportunity to explore several aspects of Canada Post's relationships with its customers, employees and competitors. We have also been able to look at trends and developments in postal services in other jurisdictions.