President’s Message

The past year was one of great achievements and of success—in spite of even greater challenges. That is a testament to the thousands of dedicated men and women who make this one of Canada’s great companies.

The measure of any company is how its people respond in the face of adversity. Amid the toughest year in Canada Post’s recent history, I was impressed by, and took great pride in, the outstanding contributions our people made to our success in 2009.

The Canada Post Group earned a profit for the 15th consecutive year in 2009, but it was a hard-won effort. Our consolidated profit increased to $281 million from $90 million in 2008, but this gain does not truly reflect the underlying weakness in our operating performance or our financial challenges ahead.

Revenues in all three of our core Canada Post segment lines of business, as well as our largest subsidiary, Purolator Courier, fell sharply. Consolidated revenue declined by $421 million.

Our profit was primarily due to two factors: mainly a non-cash reduction in our employee future benefits expense that is explained elsewhere in this report, and incredible efforts in our core business to contain costs as our volumes plunged amid the economic downturn.

We had no choice but to react quickly. The result was impressive.

By year end, we had cut $540 million from planned costs in our Canada Post segment, without which the Group would have lost money in 2009.

This necessary effort during the worst economic climate in decades did not, however, affect our other corporate priorities. In fact, we posted our highest-ever score in our annual employee engagement survey. Results improved in key areas such as working conditions, safety, respect and fairness, ethics, collaboration, and teamwork. The majority of categories showed improvement.

We were recognized as one of Canada’s Top 100 Employers for a fourth consecutive year and named Canada’s Most Iconic Brand, based on an independent survey of Canadians. Our employees enthusiastically supported our cause of choice—mental health. In 2009, we raised $1.6 million, surpassing our target of $1.5 million. The Canada Post Foundation for Mental Health also disbursed all of the more than $1 million raised in 2008 to 19 community organizations.

We reduced workplace accidents by 22 per cent. That is deeply gratifying given that employees, their families and the company all feel the effects when someone is injured.

Our delivery service performance met or exceeded targets for all products. We achieved record levels for on-time delivery in our Addressed Admail, Unaddressed Admail, Xpresspost and Priority Next A.M. products. Domestic Lettermail service met its goal of 96 per cent on-time delivery.

Serving Canadians is our mission, and there were important developments in 2009 to support our continued promise to them.

For example, by the end of 2009, Canada Post and project partners had automated or upgraded more than 5,900 point-of-sale systems. The vast majority of those are in rural and remote communities. This underscores our commitment to rural Canada.

Priority: Keeping the nation’s mail secure

At Canada Post, our business is built on the trust Canadians place in us. In an era of growing concern about identity theft, we are doing everything in our power to keep the mail safe and secure. In 2009, among other things, we started replacing more than 800,000 master locks on street letter boxes, community mailboxes, apartment-style mailboxes and mailroom doors with Abloy™ high-security locks. We are also grateful that the Government of Canada established the fraudulent redirection of a person’s mail and possession of a counterfeit Canada Post mail key as criminal offences early in 2010.
Under the new Canadian Postal Service Charter, Canada Post will be even more accountable to Canadians. We will continue to live up to the service standards we are mandated—and proud—to provide.

To that end, I wish to extend profound thanks to the Government and particularly our Minister, Rob Merrifield, who has shown strong support for a sustainable Canada Post.

To face our mounting financial pressures and the long-term decline of our core transaction mail business, we must continue to contain costs as we did in 2009.

But trimming our operational costs in this way is not sustainable in the long run. We must consider more fundamental changes. We must modernize our business. Most importantly, we must focus on growth in our business. If at the end of the day we don’t grow the business, our efforts will fall short of giving us a sustainable Canada Post that Canadians rely upon.

Sustaining our common future depends upon Postal Transformation, our ambitious modernization program. We appreciate that, in 2009, the Government of Canada approved a substantial increase in our borrowing limit from outside sources, which will allow us to fund Postal Transformation.

In 2010 the “star” of Postal Transformation will take centre stage, as we open our new flagship plant in Winnipeg. It will be Canada Post’s first new mail-processing facility in 20 years. The advanced machinery and new delivery model coming first to Winnipeg and other locations represent a great leap forward—and change for our people.

Change is never easy. On the path forward—to a viable, cost-effective, highly productive Modern Post—the best approach is to walk together. We have made and continue to make careful preparations to manage it, working closely with our bargaining agents on Postal Transformation and consulting extensively with employees on the design of processes and equipment.

When we look at the many postal systems that modernized before us, we see ample reason to believe the new ways will be better. I encourage all employees to remain open-minded during the coming transition. Give change every chance.

Co-operation throughout our workforce is critical if we are to create a sustainable future, provide the service customers expect, and protect the salaries and pensions employees count on. These responsibilities are intertwined. So are we all.

Formidable challenges remain, but Canada Post proved in 2009 that its people are equal to the task. I am confident that, with co-operation and determination, this will continue to be the case in 2010 and beyond.

Moya Greene
President and Chief Executive Officer

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Priority: Improving our safety
Reducing our lost-time workplace accidents by 22 per cent in 2009 was itself no accident. Management and employees continued to focus on improving safety after we did not meet our targets in 2008. Among other things, we used the results from 35 formal health and safety audits to correct identified shortfalls and we made sure that our team leaders focused on safety leadership throughout the year. Our lost-time accidents were down across the board in 2009, including slips, trips and falls and injuries from manual material handling. In 2010, safety will continue to be a key priority.