

By email and mail

April 9, 2013

Ms. Rona Eckert
National Union Representative,
Canadian Union of Postal Workers
377 Bank Street
Ottawa, Ontario K2P 1Y3

Dear Ms. Eckert:

RE: Notice as per Clause 29.03(B) of the Canada Post / CUPW (UPO) Collective Agreement – Vancouver, BC

This is further to the 29.03 (a) notice dated October 3, 2007 and the National Consultation held on November 5, 2007 advising you of Canada Post's intention to invest in modernizing its operations through a transformation program. Following which, the parties have held regular consultations on the Corporation's plans to modernize the postal administration. The Corporation has shared with the Union an extensive amount of information on our plans to modernize the postal administration.

As per the provisions of the CPC/CUPW collective agreement under clause 29.03 (b), the Corporation is hereby providing you with more detailed information on the implications of the reinvestment in new technology and equipment. The objective of this change is to provide Canada Post with technology and equipment through investment that will replace an aging infrastructure in order to position our company to remain competitive in today's marketplace. As a result of these changes, there will be a further impact on employees in Vancouver, BC. Inclusive in this notice are all foreseeable effects on employees as a result of this change as per clause 29.03 (b) of the collective agreement and are disclosed effective the date of this notice. It should be noted that all effects included in this notice do not include any potential impacts resulting from changes in mail volumes.

The Corporation is currently constructing a new Pacific Processing Centre (PPC) in Vancouver, BC. The PPC will house all operations that run at the current Vancouver Mail Processing Plant (VMPP) and Vancouver Parcel Distribution Centre (VPDC). The three major components of the PPC are Lettermail Processing, Parcel Processing, and the Exchange Office.

Please note that the dates listed in this notice are subject to change due to factors beyond the control of the Corporation. These factors include but are not limited to: weather; delays in the shipment of material and/or equipment; delays in the receipt of material and/or equipment; and, the delays in installation and integration of technology with equipment.

Finally, with a view to providing the full picture of the implementation of PT in Vancouver, on a without prejudice or precedent basis, the Corporation has provided in the present notice the details of all relevant changes, regardless of whether they are technological changes within the meaning of Article 29.

I) Lettermail Processing

The Corporation will introduce 17 Multi-Line Optical Character Readers (MLOCRs) at the PPC. The MLOCRs will become operational on or about March 16, 2014.

Canada Post will install a Container Handling System (CHS) overhead at the PPC. The CHS will be connected to the IMSS / Shipping System (described in section II of this notice) and will transport LFTs between lettermail work centres, and to and from the Shipping System. Spiral chutes will transport full containers of mail from the overhead mezzanine to the feeding stations of the MLOCR. Take-away conveyors will be installed between the MLOCRs for despatching containers of sorted mail.

The PPC will receive 1 Centralized Computer System (CCS) that will be implemented after February 8, 2014, as well as 90 new routing card printer stations (National Routing Card System) with new printers and touch screens that will become operational after February 8, 2014. The PPC will also receive 3, 500 Induct to Delivery Carts (IDC) for transport of mail flowing within the plant and Vancouver depots which will be implemented after February 8, 2014. Canada Post will introduce 30 IDC Towing Devices (C53s) and 10 Tuggers in order to transport the IDCs over long distances. Finally, Canada Post will introduce 55 Video Encoding System (VES) desks at the PPC, which will become operational after February 8, 2014.

I) i) – Open, Dump and Cull (ODC) Work Area

Canada Post will introduce a new Open, Dump and Cull (ODC) work area at the PPC after March 23, 2014. Currently, there are 4 Edger Facer Machines (EFM) at the existing VMPP to operate the ODC process. The ODC work area consists of 8 culling stations that feed the 4 EFMs. SLB collection mail is loaded onto the conveyor belt via a feed station located at the beginning of the belt. Once on the belt, Oversized Items (O/S) or non-machineable items are culled by employees into containers on nearby racks.

Canada Post will implement a new ODC work area at the PPC. This will involve the introduction of 3 ODC Conveyor belts, which will be connected to the existing EFMs. Canada Post will also introduce one additional EFM which currently exists in Canada Post's National inventory. Canada Post will introduce 15 ergonomic culling stations. The stations will be equipped with culling belts that will feed Short and Long (S/L) lettermail onto a collector conveyor.

When the ODC work area becomes operational, SLB collection mail will be dumped by the culling workstation operator onto a culling belt. O/S items, bundled S/L items, packets, and priority products will be faced and placed in trays at the culling stations. The remaining mail will be discharged to the collector conveyor and transported to a series of cascade conveyors that will meter the flow of S/L mail to the EFMs. The full containers of faced mail and loose parcels will be removed from the culling stations via takeaway conveyor and spiral for transportation to downstream work areas.

I)ii) Inline Redirection

The Corporation intends to proceed with the introduction of the MLOCR redirection process in Vancouver. Canada Post will introduce one Plant Labelling Unit (PLU) to support this process. The PLU

will become operational after March 24, 2014. This work will be performed by employees in the Manual Prime section of the plant.

I) iii) Addressed Admail Interception

The installation of the MLOCs will allow the Corporation to intercept machineable Addressed Admail and send it for processing through the MLOCs after March 16, 2014. The interception process will take place primarily in the breakdown work centre within the Pubs and Admail section and also at the RVU for originating Addressed Admail and at the High Docks for Incoming Addressed Admail.

During the interception process, containers of Letter Carrier pre-sort addressed admail are intercepted and inspected for machineability. If the mail passes inspection as machineable, any bundle strapping material or separator cards are removed from the containers. The containers are tagged and inducted on the Integrated Mail Sort System (IMSS) to the MLOCs for processing. The trays are transferred by carts or monotainers to the MLOCs for processing.

I) iv) Business Reply Mail Automated Billing (BRM)

Canada Post will introduce its Automated BRM process at the PPC. Currently, BRM is processed manually at the Vancouver MPP. This includes sorting, bundling, and counting BRM pieces by customer and producing packing slips.

Upon implementation of the BRM process, the new MLOCs at the PPC will sort, count, and bill S/L BRM mail automatically and send it directly to delivery. The MLOC will automatically mark the piece with a billing indicator to highlight whether or not the piece has been processed for billing.

All BRM S/L rejects as well as Oversize (O/S) BRM will follow the current process of going to the BRM work centre for billing. The BRM work centre will be in the Manual Prime section of the plant. The work centre will be provided with one new "Scan and Sort" Station at which staff will scan the barcode on each piece of BRM and stamp the piece as billed. The BRM mail pieces will then be sent to the Manual Prime cases for sorting. This process will be implemented at the PPC after March 16, 2014.

The implementation of the automated BRM billing process will result in a minor process change at retail post offices with active BRM customers. The details of this process change will be provided in a subsequent notice to the Union.

I) v) Publications and Admail Workcentre

Canada Post intends to implement a Publications and Admail work centre at the PPC. The work centre will consist of a conveyor system to assist in the sortation and processing of Publications and Admail. The system will be designed to accommodate the expected product mix of Direct Marketing products arriving in monotainers, loose containers, and boxes on pallets.

The conveyor system for the PPC will be based on the current system installed at the VPDC, with the exception that new IMSS take away conveyors will be added for direct-to-destination containers and for machineable intercept mail.

Upon installation of the conveyor system, mail to be worked will be brought to the breakdown area (induction area) of the system. Here, containers, boxes, and bundles will be sorted to and placed on one of six conveyors to be automatically transported to one of six work run outs based on the separations required for National, Regional and City (local) distribution. The mail will then be sorted from the run-outs and placed into their respective destination carts / monos or onto an IMSS take away conveyor.

The Corporation anticipates that the work centre will be operational after February 14, 2014. The conveyor system will be installed by an outside contractor. Technical services staff will perform preventative maintenance and first line support.

II) Parcel / Packet / Container Processing

II i) – Integrated Mail Sort System (IMSS)

Currently at the Vancouver Parcel Distribution Centre (VPDC), parcels and packets are inducted and sorted through a largely manual process. Packets are manually sorted into monotainers, binnies, or bags. Parcels are inducted from monotainers or loose unload conveyors onto a line shaft conveyor with manual decision points. The parcels are then removed from the conveyor and manually placed into monotainers, binnies or bags.

At the PPC, Canada Post will be introducing an IMSS, consisting of a Shipping (parcel and containers) Sorter system, a Packet sorter system, and a Container Handling System (CHS) with associated induction conveyors and run outs.. Below you will find a breakdown of the equipment associated with the IMSS. The IMSS will become operational after February 8, 2014.

Equipment	Quantity
Shipping Parcel Sorter	1
Shipping Run outs	34
Induct Conveyors	5
Monotainer Infeed Conveyors	2
IDC infeed conveyors	2
Non-Conveyable In-Line Cargoscan	1
Air Container Load Conveyors	2
Air Container Unload Conveyors	1
Packet Sorter	1
Packet Mono Dumper	4
Packet Manual Infeed Stations	10
Packet Take Away Conveyor	4
Packet Sorter Separations (including Mono Runouts)	284
Packet Singulator	2
Semi-automatic Packet Tub Dumpers	2
Manual Infeed (Packet Sorter)	10
Empty Packet Return Conveyor	1

Ring Scanners	80
Loose Unload Conveyors	9
PDSL Takeaways and Runout conveyors	2
Bundle Sorter	1
Loose Load Conveyors	12
FSM Take Away Conveyors	4
City and Forward Finals Infeed Conveyors	2
Hospital Workstations	22
Container Handling System	1
MLOCR Feed Conveyors	20
MLOCR Take Away Conveyors	22
Air Container Unload Conveyors	4
Packet Tubs	11, 588

Once installed, the IMSS will reduce the need for manual processing and will perform the following functions:

- Induction of individual parcels and containers such as SO95s, LFTs, Flat Tubs, etc.
- Cubing and sorting parcels
- Weighing, cubing, and sorting packets and documents into packet tubs and monotainers
- Induction of packets from packet tubs, LFTs, monotainers or manually.
- Induction of containers from mechanized and manual work centres
- Transportation of containers and packets to dispatch run-outs (chutes) for either loose load, monotainer / IDC or city keying work centres.

II) ii) Easy Sort

Canada Post will install the Easy Sort “Put to Light” solution at the PPC. The Easy Sort process involves scanning a parcel or container with a ring scanner and sorting to illuminated LED lights above an IDC or monotainer. The light system will be controlled by the shipping sorter system and will be installed on a track which will be suspended from the ceiling.

There will be two light colours on each run-out to enable postal clerks to sort on each run-out when necessary. The postal clerks will scan the item barcode with a ring scanner. The scan will trigger a light to illuminate above the destination IDC or monotainer. The postal clerk will then sort the item to that IDC or monotainer.

The Easy Sort process will be implemented simultaneously with the shipping sorter system. As the Easy Sort system is part of the shipping sorter, it will be installed by the same supplier.

II) iii) FSM Take Away Conveyor

Currently, the FSM sweeper removes full containers of mail from the FSM tray holder and places the containers in monotainers, carts, or racks. Depending on the container type, they are either pushed or driven to the next respective work area or dock.

As part of the installation of the Container Handling System, Canada Post will install FSM take away conveyors. The conveyors will be installed on each side of the FSM and connected to the parcel sorter. Upon implementation of the FSM take-away conveyors, full containers will be placed on the take away conveyor and transported in the shipping (parcel) system which will automatically deliver the container to a chute in the Shipping area of the plant. The conveyors will become operational after February 8, 2014.

III. Exchange Office

Current State – Inbound Process

Today, the processing of inbound mail at the Exchange Office at the Vancouver Mail Processing Plant varies by product type. Currently, EMS, Registered, and Xpresspost products arrive in bags and are opened, scanned, and overlabeled. These items are then staged in batches of inventory before inducting to the X-Ray machines controlled by CBSA (Canada Border Services Agency). Items that are released or referred for a secondary screening are manually placed in monotainers and transported.

Air and surface parcels are processed in a different section and arrive in bags or Gaylords. These items are opened, scanned, and overlabeled and placed on a belt feeding them to CBSA. Items may be X-Rayed, sent for secondary screening, or released for delivery.

Packets arrive in bags and are opened in the air breakdown section with tags removed and scanned before manually sorting the bags by Province for dumping onto P1 belts. Lettermail arrives in sleeves or bags and are also opened in the air breakdown section. The mail is then forwarded to the Prints Opening area where it is trayed and placed in monos and sent for processing.

Current State – Outbound Process

Mail that is outbound from the Exchange Office is manually brought to the Exchange Office and processed in either the Foreign Surface, Consolidation or International sections. Mail is manually sorted by product and country. Depending on the service, despaches may be sent via air, sea or by ground.

Future State – Inbound Process

At the PPC, the Exchange Office inbound process will be modified. All International inbound product will be inducted through a combined induction process. International inbound mail will arrive with different product bags mixed into monotainers or air cans, or loose in gaylords or aircans. Lettermail that arrives in sleeves and gaylords or packets will be processed separately.

Canada Post will install 24 Induction Workstations at the Exchange Office to facilitate the induction process. The Induction Workstations will consist of a steel top roller ball table, built in weight scales, and a computer station equipped with IPS software. Each International Bag, loose Parcel, or packet will be scanned and weighed and verified for correctness. Items are then overlabeled with a 292 barcode and inducted to CBSA. Scanning of the mail will be completed with the use of a wireless Bluetooth scanner. Parcels and packets will be inducted onto an integrated conveyor system leading to run outs for sortation. These run outs are part of CBSA's process and include CBSA Primary, Quality Assurance, X-Ray,

Secondary screening, and Released for Delivery, which is a hand-off to Canada Post’s domestic processing stream. Lettermail will be inducted onto a different conveyor feeding the domestic lettermail process.

Future State – Outbound Process

Outbound mail will be sent to the consolidation, Foreign Surface and International lettermail operation from a conveyor system linked to the shipping (parcel) sorter system.

The combined induction process at the Exchange Office will involve the introduction of several new pieces of equipment. A list of this equipment is below:

Equipment	Quantity
International Conveyor System for Parcels / Packets	1
Primary Run Outs	11
Induction Tables	24
Packet Gaylord / Mono Dumper	1
IPS System for Scanning Inbound Mail	29
Conveyor for Non-Conveyable Items	1
Lettermail Conveyor System	1
LCAO Bag Dumping Station	1
Packet Labelling Stations	26
Rollerball Section for De-Bagging Mail	1
Shipping Run Outs	8
Wireless Blu Tooth Scanners	29
Scale for Receptacle Weight Verification	28
Singulator	1
6 Sided Scanner	1
Overlabelling Machines for IPS	24
Strapping Machines	10
IPS Workstations	42
Floor Scales	1

IV) Staffing Impacts

Vancouver Mail Processing Plant

Current Staffing Profile (March 2013)

This section identifies the detailed staffing information for the Vancouver MPP. It should be noted that this information may change between now and the transition to the PPC due to operational requirements.

Current Staffing Profile	FT PO2	PT PO2	FT PO4	PT PO4	FT PO5	Total
Shift 1	0	0	176	0	16	193
Shift 2	1	0	197	27	20	245
Shift 3	0	0	104	64	21	189
Total # of Employees	1	0	477	91	57	627

As of February 25, 2013, there were 62,352 hours worked by temporary employees in the plant in the past 12 months. There are currently 25 temporary employees backfilling long-term absences in the plant. The Corporation anticipates that there may be a requirement to use more temporary employees during the deployment of equipment. It is anticipated that overall there will be a reduction in the use of supplementary hours as a result of this change.

Vancouver Parcel Distribution Centre (VPDC)

Current Staffing Profile (March 2013)

This section identifies the detailed staffing information for the VPDC. It should be noted that this information may change between now and the transition to the PPC due to operational requirements.

Current Staffing Profile	FT PO2	PT PO2	FT PO4	PT PO4	FT PO5	Total
Shift 1	0	0	60	0	13	73
Shift 2	0	0	92	46	20	158
Shift 3	0	0	98	15	14	127
Total # of Employees	0	0	250	61	47	358

As of Feb 25, 2013 there were 81,050 hours worked by temporary employees in the past 12 months. There are currently 31 temporary employees backfilling long term absences in the plant. The Corporation anticipates there may be a requirement to use more temporary employees during transition. It is anticipated that overall there will be a reduction in the use of supplementary hours as a result of this change.

Pacific Processing Centre

Future Staffing Profile (February 2014)

The table below provides the anticipated staffing level by (February 2014). It represents combined future staffing at the Pacific Processing Centre for the former Vancouver MPP and VPDC.

Continued on next page

Projected Staffing Profile	FT PO2	PT PO2	FT PO4	PT PO4	FT PO5	PT PO5	Total
Shift 1	0	0	226	25	16	0	266
Shift 2	0	0	169	13	16	0	198
Shift 3	0	0	85	244	9	7	345
Total # of Employees	0	0	480	282	41	7	809

Therefore, the anticipated change by classification is as follows:

- Decrease of:
 - o 247 FT PO4
 - o 63 FT PO5
 - o 1 FT PO2
- Increase of:
 - o 130 PT PO4
 - o 7 PT PO5

IV) iii) – Technical Services Staff

Current Staffing Profile (February 2013)

This section identifies the detailed staffing information in Technical Services. It should be noted that this information may change as a result of operational requirements.

Current Staffing Profile	MAM 11C3	MAM 10	MAM 11	STS 05	EL5	GLEIM10	Total
Shift 1	1	3	9	0	1	0	14
Shift 2	1	8	14	2	3	1	29
Shift 3	0	0	12	0	2	0	14
Total #	2	11	35	2	6	1	57

Future Staffing Profile (February 2014)

This table provides an overview of the anticipated staffing level by (February 2014).

Projected Staffing Profile	MAM 11C3	MAM 10	MAM 11	STS 05	EL5	GLEIM10	Total
Shift 1	1	5	12	0	1	0	19
Shift 2	2	9	16	2	3	1	33
Shift 3	0	2	15	1	2	0	20
Total #	3	16	43	3	6	1	72

The anticipated increase in Technical Services is:

- 1 MAM 11C3
- 5 MAM 10
- 8 MAM 11
- 1 STS 05

In closing, the collective agreement job security provisions will be followed. While the Corporation will endeavour to make any staffing adjustments through natural attrition (i.e. deletion of positions resulting from retirements, resignations, transfers, demotions, promotions, etc.), if required article 53 of the collective agreement will be applied, unless the parties agree otherwise under the provisions of Article 29.

All appropriate notices, including but not limited to 6.05, will be forwarded to you as per the collective agreement.

The Corporation has previously shared with you the training materials that it is using. The Corporation will continue to employ standardized training solutions such as classroom training, job aids, on-the-job learning, videos and peer mentoring. Once the training schedule is completed, it will be shared with the Union.

We will provide you with updated information on this matter as we get closer to the implementation date(s).

Should the Union wish to consult on this matter, please contact me at 613-734-6262 to facilitate this request.

Yours sincerely,

Original Signed by:

Michelle Martin
Manager, Labour Relations