



Hey Harper – Hands off my post office

Say no to postal deregulation

Our universal public postal service – Our vision

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Fact Sheet

The federal government is conducting a review of our post office. It wants individuals and groups to make submissions to the Canada Post Corporation Strategic Review by September 2, 2008. The Canadian Union of Postal Workers will be making a submission that advances our vision of universal, public postal service.

Our public post office delivers. It provides everyone, no matter where they live, with an effective and affordable communication and delivery system. This is no small feat in a huge country with a population spread far and wide.

The post office also provides jobs. And it plays a key role in supporting economic growth by providing the stable infrastructure that communities need to thrive and businesses need to grow.

Will the post office continue to play these roles in the future? This remains to be seen. Currently, there are different views about what role the post office should play in society and what it needs to do to meet the challenges of the future. Post offices around the world face increased competition from

both electronic communications and private sector companies. Many are being deregulated and privatized.

While the Canadian Union of Postal Workers (CUPW) recognizes that our post office must adapt to an ever-changing world, we do not support transforming our service-oriented public post office into a profit-driven business through commercial objectives, privatization or deregulation (i.e. eroding or removing Canada Post’s exclusive privilege to handle letters).

There are other ways of dealing with the challenges that our public post office faces in today’s world.

This fact sheet contains an outline of our vision.

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CUPW's vision of public postal service

A truly modern post office would:

- Remain a publicly-owned enterprise, responsible to the public and Parliament
- Adhere to its public service mandate
- Retain the exclusive privilege for letters
- Provide door-to-door delivery in urban areas
- Provide rural delivery
- Deliver admail
- Offer industry-leading parcel and courier services to small businesses
- Develop new products and services
- Keep jobs in communities where the work is located
- Maintain post offices in rural and urban communities
- Maximize the amount of work done “in-house” and minimize the “contracting-out” of work
- Provide employees with safe, unionized jobs, fair wages, and good working conditions
- Share the benefits of technological change with workers and the public
- Maximize environmentally-friendly practices
- Invest profits and dividend payments in services, health and safety and good jobs

You can get a copy of *Our Vision of the Post Office*, with additional details, at: <http://www.publicpostoffice.ca>

Is the post office a public service or a business?

Our vision is of a post office providing quality, affordable service to everyone no matter where they live, accountable to the public and Parliament. It is very different than the one being promoted by the federal government and Canada Post. Our vision is also in keeping with Canada Post's mandate under law.

Canada Post has a legal mandate to provide basic postal service while improving service, operating on a financially self-sustaining basis and balancing the objectives of the corporation with the needs of its employees.

Unfortunately, the government's policy directives for Canada Post are at odds with the corporation's legal mandate, not to mention what people want from their post office. The government has asked Canada Post to act like a commercial enterprise and provide a commercial rate of return, even though there is no legal requirement for the post office to make business-like profits (See *the law is on our side*).

The government's strategic review will consider what financial targets are appropriate for Canada Post. It will also look at whether Canada Post

should be deregulated. But that's a whole other story (See *fact sheet #4: Five reasons to oppose deregulation of our post office*).

Canada Post President Moya Greene will, in all likelihood, continue to call for commercial profits. She has repeatedly stated that the corporation is a commercial enterprise with a business mandate. She has focused on major customers and profit-making rather than on postal workers, the public and providing a public service.

CUPW doesn't think that the public and postal workers are likely to fare well with a post office that is increasingly focused on commercial goals instead of public interest objectives.

Just imagine what Canada Post could do if it focused on public service and postal workers, not just its 200 biggest customers. The corporation could build a better, more accountable, transparent and humane postal service – a truly modern post. It could invest profits in keeping post offices open, maintaining rural delivery, expanding door-to-door service and reducing its horrific injury rate – one of the worst in the federal sector.

The law is on our side

There is no good reason for our public post office to focus on profit-making, nor is there a legal requirement for Canada Post to make business-like profits.

Canada Post Corporation Act

Canada Post has a mandate to provide public postal service. The Act says that our public post office should provide basic customary postal service while having regard for "the need to conduct its operations on a self-sustaining financial basis." In addition to asking the corporation to break even, it says the corporation shall declare and pay a dividend if the corporation can and the government decides it wants a dividend.

The Act doesn't *require* Canada Post to make profits or pay dividends.

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The Act also says that postage rates shall be fair, reasonable and sufficient to defray the costs incurred by the corporation in the conduct of its operations under this Act. When Canada Post became a Crown corporation in 1981, business groups and others pushed to have this provision included in the Act so that the corporation would not be seen as an easy source of revenue for the government. They wanted money from postage ploughed back into service.

Financial Administration Act (FAA)

The FAA says "there is a reasonable expectation that the corporation [Crown corporations like Canada Post under Part II of Schedule III] will pay dividends" and "ordinarily earns a return on equity."

But there is nothing in the FAA that requires a commercial rate of profit or the kind of dividends that a business might be required to pay.

Government financial and policy framework for Canada Post

The government's financial and policy framework for Canada Post calls on the post office to provide a commercial rate of return (11%) and pay an annual dividend of 40% of net profit. The corporation paid a 15% rate of return in 2005, 8.4% in 2006 and 3.8% in 2007. It has handed over \$547 million in dividends to the government in the last 10 years alone.

CUPW wants Canada Post to start acting like the public service it is. While Crown corporations like Canada Post have both public and commercial activities, they are distinct from commercial enterprises in that they are designed to serve the public interest, not maximize profit.

Sources: Canada Post Corporation Act, Canada, R.S., 1985, Section 5(2), 19(2), 27.4 Financial Administration Act, Canada, R.S., 1985, Section 3(5) (a) iii and (b).Section 27.4, Division III, 130.1, 130.2

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