



Door-to-door delivery threatened?

Many people mistakenly believe that door-to-delivery is at risk because that's what many media

outlets suggested when the report of the Canada Post Corporation Strategic Review was released in May. The Globe and Mail featured an article called *Canada Post urged to review home delivery*. The website of the Canadian Broadcasting Corporation carried an article entitled *Outside review suggests Canada Post drop door-to-door delivery*.

There are, in fact, no recommendations for massive cuts to door-to-door delivery in the CPCS report.

The real recommendations on door-to-door delivery follow:

- The Advisory Panel recommends Canada Post specifically include in its annual report an overview on the delivery methods it uses, indicating the number of addresses served with

each delivery method and the financial costs and environmental impact of each on a per-unit basis.

The Advisory Panel of the CPCS also recommended that Canada Post's universal service obligation be defined in a 'contract' or 'service charter' between the Government of Canada and Canada Post in order to clarify expectations and responsibilities relating to service, including the following delivery-related expectations and responsibilities:

- Canada Post will deliver mail using a variety of delivery modes: mailbox service at the door, community mailbox, post box in postal outlets, end-of-lane delivery, and so on. The delivery mode used in any community should be appropriate to the circumstance.
- Canada Post may consider changes to the delivery network and submit proposals to the government for

consideration as part of the annual corporate planning process.

- As part of its annual report, Canada Post should present an assessment of the cost-effectiveness and financial sustainability of the delivery modes and alternatives, so that policy-makers and Canadians can evaluate the 'value-for-money' character of each of the delivery instruments.

Why did so many media outlets focus on door-to-door issue? They have been evasive when asked this question. No one will ever know

for sure, but the union suspects that Canada Post steered reporters towards this issue to distract them from the more politically volatile threats to service in the report, which are the rural recommendations.

During the CPCS, CUPW recommended that door-to-door letter carrier delivery service be included in the universal service obligation. We also proposed that elderly and disabled residents should be offered door-to-door letter carrier delivery immediately and further expansion should occur.

Third party review

The advisory panel of the Canada Post Corporation Strategic Review (CPCS) recommended

"that an independent third party work with Canada Post and its unions to review the existing collective agreements, in order to identify whether any parts will inhibit the modernization plan or impede the realization of productivity improvements necessary to ensure Canada Post's financial self sufficiency, or otherwise significantly compromise Canada Post's long term viability."

As worrisome as this sounds, this recommendation is not what Canada Post Corporation (CPC) asked for in its submission to the CPCS. CPC asked that a third party review the CUPW collective agreement and table a public report on its competitiveness.

The differences between the CPC proposal and the CPCS recommendation are significant:

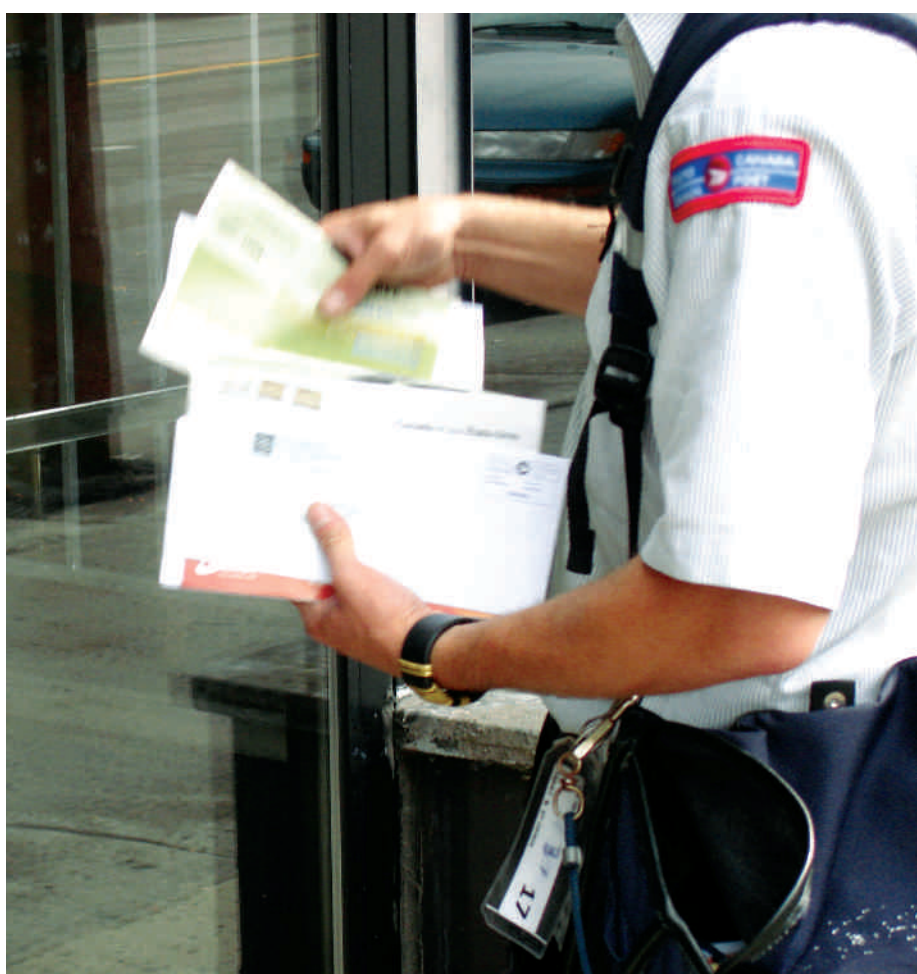
- CPC wants a unilateral review, but the panel is proposing that the review be done with union and management involvement.
- CPC wants to single out CUPW's urban operations collective

agreement, but the panel is proposing that the review apply to all the collective agreements at Canada Post.

- CPC wants the government to publicly show support for change in the lead up to the next round of bargaining – change that gives the corporation a "more competitive cost structure" – but the panel is not recommending this measure.

The corporation says it wants a third party review of CUPW's urban operations contract so that it can "begin to break down the operating rigidity that constrains Canada Post." Interestingly, CPC has never been able to point to one example where this collective agreement has stopped the corporation from bringing in a technological change.

CUPW's position is clear. Changes to our collective agreements should be made through negotiations with the Canada Post. They should not be made through a third party review. The union will defend this position and will work with the labour movement to ensure that postal workers maintain their right to free collective bargaining.



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CPC Strategic Review: continued vigilance required

While we may be pleased that the report of the Canada Post Corporation Strategic Review recommends against deregulation there are many issues raised by the report that are of major concern to postal workers. Also we must remember that the most important part of the Strategic Review process is what actions the government decides to take now that the report is public.

The major recommendations of concern to CUPW are detailed in this special issue of *CUPW Perspective*. Some are very positive, such as the recommendation that CPC continue to offer competitive services such as parcels and admail and also enter into new revenue generating services. Others, such as the recommendation to lift the moratorium on rural closures to allow CPC to close post offices and open franchises are very negative and require a strong response from CUPW members.

So far the only reaction of the government has been negative. Immediately upon the release of

the report we held a meeting with Minister Merrifield and outlined our concerns to him. He stated he had not yet taken any decisions concerning any of the 60 recommendations in the report. Soon after our meeting the government announced it would amend the Canada Post Corporation Act to legalize the activities of the remailers.

Postal workers can be very proud of the actions taken by the union concerning the Strategic Review. We fought hard to ensure that Canada Post maintain its exclusive privilege so that it can provide excellent services to the public. Over 20,000 postal workers submitted cards to the review. Many more wrote individual letters. Many locals and regions made submissions. The national union made a detailed submission which contained a comprehensive vision of postal services. (See: www.cupw.ca.) The support of our allies in the labour movement and community, as well as hundreds of municipalities was crucial in convincing the Advisory Panel of the support for our public post



office. We owe them a great debt of gratitude and postal workers should spare no effort to assist these other organizations when they need it.

We also need to take action to convince the government that it should focus its energies on improving services to the public rather than rewarding these international remailer companies for their illegal behavior. The government should act on the positive recommendations of the Advisory Panel such as the proposal for a Service Charter defining standards for delivery, retail services, rural services, pricing and the exclusive privilege. CUPW supports this recommendation, so long as there is adequate public consultation on the standards and they guarantee a high level of service to the public.

The CUPW has produced a

petition opposing any changes to the moratorium and the legalization of the remailers. It also supports improvement and expansion of postal services to the public. Please get a copy from your local or make copies of the petition from our website and have it signed by your coworkers, friends, family and people in your community. In the coming months we will organize other actions in support of expanded postal services. All members need to keep informed and participate.

Together there is much we can achieve.

Denis Lemelin
National President

Advisory panel pushes modern post automation

The report of the Canada Post Corporation Strategic Review is very supportive of the \$3 billion modernization program currently being introduced by Canada Post. The report does not provide any critical analysis of any element of the automation program. For example the report does not examine why some other postal administrations have rejected the introduction of mechanised sequencing of letters. Nor does it discuss any of

the problems encountered by postal administrations, such as the United States Postal Service, when it introduced sequencing in the mid 1990's.

Instead the report approached modernization as a preferred option as a means to deal with the serious financial difficulties that it anticipates CPC will encounter in the near future. Other possible means of dealing with financial difficulties identified by the Advisory Panel include raising postage rates,

expanding into new profitable services, cutting services, such as door to door delivery, or franchising the rural retail network.

The Advisory Panel stated that

all parties should address the impact of automation on employees so that the benefits of modernization and the longer term sustainability of Canada Post are to be realized.



At the CUPW "Our Modern Post Conference" in June 2009, union representatives from four continents discussed changes sweeping the postal world, some of the adverse effects that accompany these changes and ways of ensuring that new technology improves postal services, meets the needs of the public, and preserves jobs.

CUPW Perspective

Published in English and French by the Canadian Union of Postal Workers
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CUPW *Perspective* welcomes letters to the editor. We will print any letter from a CUPW member provided it:

- is 400 words or less. Union members may submit longer items for consideration as commentary pieces.
- does not violate CUPW policy opposing discrimination against women, people of colour, gays, lesbians, bisexuals, transgendered, people with different abilities, or policy on union principles.

- is typed or written neatly.
- includes the author's name, address, local and a phone number where they can be reached if there are problems.

Perspective will withhold the author's name if necessary. Otherwise, the author's name and local will appear.

Perspective will contact authors if there are problems with their letters. We accept letters by mail, fax and electronic mail.

Summary of CUPW's 25 recommendations

1 Review process should be opened to the public.

2 All recommendations should be examined in the context of the environment.

3-4 CPC should maintain its exclusive privilege. The exclusive privilege should not be revisited until 2018.

5-7 The government should withdraw Bill C-14, the Bill to legalize private sector remailers (now called Bill C-44).

8-10 The government should reorganize the courier industry through a very significant expansion of the parcel delivery services of CPC.

11-12 Permit postage rate increases to recover cost increases. Reduced rates for non-profit organizations.

13-14 Eliminate targets in the Multi-Year Policy and Financial Framework. CPC, to stop paying dividends.

15-16 The universal service obligation should include the collection, processing, transmission and delivery for a minimum of five days per week for all products.

17-19 The moratorium on retail closures should include urban offices.

20 CPC should audit postal services offered to aboriginal peoples and improve services.

21 CPC should cease converting rural mailbox delivery to community mailboxes without consultation.

22 Continue programs such as materials for the use of the blind, publications assistance, the food program and library book rate.

23 No regulatory body. If a regulatory body is established, it must oversee competitors.

24 Make the ombudsperson independent.

25 The government should examine the environmental impact of postal services.



Postal report puts small and rural post offices at risk

Public postal service in rural and small towns will be on the chopping block if the government accepts a number of recommendations in the report of the Canada Post Corporation Strategic Review advisory panel (CPCSR).

End to Moratorium: The advisory panel of the CPCSR recommends an end to the current moratorium on post office closures. It proposes that the moratorium be replaced by a mechanism with new rules and guidelines. The panel says its proposed mechanism would “set postal services expectations for Canada Post in rural Canada” but “allow Canada Post some flexibility to deal with emergent issues as well as cases where lower-cost alternatives could be put into place,” allegedly “with little or no negative impact to the communities being served.”

There are huge differences between a moratorium on public post office closures and a mechanism that spells out the kind of postal service rural residents can expect.

For example, the proposed mechanism would allow Canada Post to replace public post offices with private outlets. It would also establish a new definition of “rural”.

The current moratorium was not designed to protect rural postal service. It was designed to protect public postal service in rural and small one-post-office towns.

Rural and small municipalities participated in a rebellion against post office closures and conversions (i.e. from public to private) in the late 1980s and early 1990s. In 1994, they managed to get the newly-elected Liberal government to agree to a moratorium on public post office closures in rural and small communities. In 2006, the Conservative government agreed to continue this moratorium after CUPW conducted a campaign against closures.

CUPW has asked Rob Merrifield, the minister responsible for Canada Post, for his views on the proposal to allow Canada Post to replace public post offices with private outlets and the

proposal to establish a new definition of rural. He has not yet responded.

Inclusion of rural service in USO: The advisory panel of the CPCSR is also proposing that rural service be part of Canada Post’s universal service obligation (USO).

The advisory panel recommends:

- That details be built into a Service Charter that outlines “what the government expects Canada Post to continue to support, with respect to rural postal service over the long term. This would include specific reference to the minimum number and location of rural postal outlets, the access/service levels to be provided to rural Canadians and the process to be followed where post office closings, rationalizations or transitions are contemplated.”

- That “these specific obligations be developed more fully by Canada Post through a meaningful consultative process involving rural Canadians, with its conclusions and the resulting approach being clearly explained and subsequently made publicly available via Canada Post’s website after approval by the government.”

- That Canada Post balance the USO and financial self-sustainability by proactively consulting with rural communities, “where opportunities are identified, with a view to reviewing and identifying alternative modes of delivery and access to the network that would serve community needs equally well and make Canada Post more financially self-sufficient.” This means private postal outlets and community mailboxes.

Including rural service in the universal service obligation is good idea. But allowing Canada Post to close public post offices and set up private outlets is not. Rural residents have been clear. They want to keep their public postal offices. If the government decides to implement the advisory panels recommendations, CUPW will insist on public postal service, reasonable rural service standards and adequate public consultation on the standards.



Denis Lemelin, CUPW National President, mailing CUPW's submission to the Canada Post Corporation Strategic Review advisory panel.

Report of Canada Post Corporation Strategic Review Summary of major recommendations

Deregulation denied

The Advisory Panel recommends that Canada Post maintain the exclusive privilege to deliver letters.

Universal Service Obligation

The report recommends the adoption of a detailed Universal Service Obligation (USO) which would be issued as a "Service Charter". The Service Charter would be updated regularly (at least every five years) and would include standards concerning delivery, retail services, pricing and the reserved area to be covered by the exclusive privilege. The costs of the USO would be identified and covered primarily through services covered by the exclusive privilege.

Delivery modes including door to door delivery

The report recommends the CPC Annual Report contain an analysis of the cost and environmental impact of each different type of delivery mode including CMBs, door to door, centralized delivery etc.

Rural delivery safety

The report recommends rural mailbox delivery be reconsidered in light of safety concerns.

International mail

The report supports the removal of outbound international mail from the exclusive privilege.

Modernization plan

The Advisory Panel supports Canada Post's \$3 Billion modernization program. CPC should provide a detailed plan to the government. CPC should be permitted to borrow up to \$1.7 Billion to finance the implementation of the program.

Environment

Benchmarks should be established to ensure that CPC's modernization program reduces its carbon footprint.

Third party review of collective agreements

The Advisory Panel recommends that an independent third party work with Canada Post and its unions to review existing collective agreements to identify whether any parts will inhibit the modernization plan or impede productivity improvements necessary to ensure CPC's financial self-sustainability.

Public policy objectives

The report recommends that Canada Post should not be required to



subsidize services designed to meet public policy objectives, such as the library book rate, government free mail, the food mail program and the publications assistance program. If the government wants these services to be offered free, or at a discount rate, it should provide the funding. It also recommended that libraries be entitled to the volume discounts accorded other large volume mailers.

Competitive services

The report recommends CPC be allowed to continue to provide competitive services such as airmail and courier services. Also the Corporation should leverage its networks and develop new revenue streams related to its core business.

Employee share ownership plan

The report recommends that the government allow CPC to introduce an employee share ownership program.

Rural postal services

The report recommends rural postal service be included in the USO. Detailed obligations for minimum services, locations, access and service levels and the process to govern closings should be included in the Service Charter. It also recommends that rural should be redefined as communities with a population of 10,000 or less. Concerning the moratorium the Advisory Panel recommends CPC be allowed to use private sector franchises in rural Canada. CPC should consult with rural communities to review and identify alternative modes of delivery and access to services.

Postage rates and dividends

The report recommends a new price cap which would reflect CPC's overall costs including labour and transportation. At minimum the price cap should be no less than inflation. A significant one-time increase may be necessary. There should be a relaxation of the requirement to pay dividends during the modernization program.

Postal councils

The report recommends that Canada Post maintain the National Advisory Council and create a major postal users council, a rural postal user council and a small and medium sized enterprise council.

Productivity

The report recommends that CPC intensify its efforts to improve productivity and report the results.

Financial framework

The report recommends the 1998 Policy and Financial Framework be adjusted to reflect the costs of the USO and Service Charter and the impact of the modernization program.

No regulatory agency

The report recommends the mechanism of a price cap instead of the establishment of a regulatory agency. The Advisory Panel recommends that forecasts of rate increases be included in the Five Year plan and publicized.

Pension obligations

The report recommends that the government and CPC ensure that

funding obligations for the pension solvency deficit do not impede the modernization program.

Partnerships

The report recommends CPC partners with other firms and/or competitors.

Governance

The Advisory Panel strongly believes the oversight of the corporation should rest primarily with the Board of Directors. The report recommends specific roles for the Board of Directors and describes the division of responsibilities between the government and the Board of Directors. The CEO should not be on the Board of Directors.

Postal Services Working Group and University Chair

The report recommends the establishment of a Postal Services Working Group comprised of senior representatives from various government departments and agencies. It also recommended the creation of a university chair in postal studies.

Regular Canada Post Strategic Reviews

The report recommends conducting a Strategic Review of Canada Post every five years.

Government oversight

The report recommends that the Board of Directors deal directly with the Minister of Finance on financial matters and with a Minister of a program department (currently Minister of Transport) on regulatory or social matters.