

Postal deregulation gets two thumbs down
during Canada Post Corporation Strategic Review

By the Canadian Union of Postal Workers

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Introduction

The debate over postal deregulation resurfaced during the federal government's Canada Post Corporation Strategic Review (CPCSR) in 2008, well over a decade after taking off and taking root in Europe and elsewhere.

On April 21, 2008, Canada's federal government launched the CPCSR to look at a variety of postal issues, including the exclusive privilege or monopoly and the universal service obligation (USO).

This paper outlines the positions that major stakeholders took on deregulation during the consultations undertaken by the CPCSR and in communications with select stakeholders.

In addition, it looks at public opinion and the views of political representatives.

The paper also identifies changes in positions which have occurred since the Canada Post Mandate Review in 1995-96, which was the last time the federal government looked at the post office.

As well, the paper outlines the CPCSR process and examines the report of the CPCSR, along with the government's response as of September 2009. It also assesses the degree to which the report and response reflect the views of stakeholders.

Canada Post Corporation Strategic Review

On April 21, 2008 Canada's federal government announced an inquiry called the Canada Post Corporation Strategic Review.

Lawrence Cannon, who was the federal minister responsible for Canada Post at the time, said the government wanted to make sure that Canada Post had "the right tools and means to fulfill its mandate in the future."¹

The government instructed the CPCSR to focus on four areas of concern: market and competition; public policy objectives and responsibilities; commercial activities; and financial and performance targets (See Appendix A).

It promised that the review would be guided by the following four principles:

¹ Canada Post Corporation Strategic Review [on-line]; available from <http://www.cpcstrategicreview-examenstrategiquescp.gc.ca/nws-eng.html>; accessed 11 March 2009.

- Canada Post will not be privatized and will remain a Crown corporation;
- Canada Post must maintain a universal, effective and economically viable postal service;
- Canada Post will continue to act as an instrument of public policy through the provision of postal services to Canadians; and
- Canada Post will continue to operate in a commercial environment and is expected to attain a realistic rate of return on equity.

While the government ruled out privatization and promised to maintain universal postal service in its guiding principals, it did not rule out deregulation. In fact, it asked the CPCSR to answer the following question: “Which activities or services currently provided should be preserved as exclusive privileges and which ones should be provided in a more competitive environment?”² In other words, the government specifically asked the CPCSR to look at whether Canada Post should be deregulated by reducing or possibly eliminating its exclusive privilege on letters, a move which arguably would put universal service and the one-price-goes-anywhere postal rate at risk.

The government appointed a three-person Advisory Panel, headed by chair Robert Campbell, to conduct its review. It also set up a secretariat staffed by federal employees to support the panel and undertake studies and develop and manage the CPCSR’s work plan under the guidance of the panel.

The panel was asked to consult with major stakeholders inside and outside of government and seek public input through written submissions. The consultation process was described as “a key activity in the review”.³

Between April 21, 2008 and September 2, 2008, which was the deadline for submissions, the panel held 71 consultations and site visits with individuals and organizations (See Appendix B). It received 833 written submissions from municipalities⁴, organizations and businesses and 596 submissions from

² Ibid., <http://www.cpcstrategicreview-examenstrategiquescp.gc.ca/trms-eng.html>;

³ Ibid., <http://www.cpcstrategicreview-examenstrategiquescp.gc.ca/stkhldr-eng.html>

⁴ Some information on the CPCSR website was incomplete or inaccessible. Eight municipalities were missing resolutions, parts of resolutions or their PDF was missing or would not open.

individuals, for a total of 1429 submissions.⁵ In addition, 167 people participated in write-in campaigns and 23,360 people sent postcards to the CPCSR.

The government said that it was pleased with the hundreds of submissions it had received, noting that this input would be “considered along with the work undertaken by the panel in formulating its report.”⁶

While input was good, the review process was not. The government’s strategic review of Canada Post had a number of serious problems with transparency and accountability.

In Canada, the Minister of Transport, Infrastructure and Communities is accountable to Parliament for the overall direction of Canada Post, and through Parliament, to the public. According to *Accountable Government: a Guide to Ministers and Minister of State* (2008) “Ministers are expected to seek the views of parliamentarians and parliamentary committees on future plans and priorities, and to dedicate time to consulting and engaging their colleagues in Parliament in order to earn their support.”⁷

The Government of Canada was not as accountable as it could or should have been in the course of planning its strategic review of Canada Post. It made no serious effort to consult with parliamentarians or parliamentary committees. The Minister of Transport, Infrastructure and Communities told a parliamentary committee in May 2007 that he was considering doing a review of Canada Post, but that he had not yet decided for certain. Following this news, the Standing Committee on Transport, Infrastructure and Communities discussed and passed a motion which recommended that the government “provide the Committee an opportunity to study and provide recommendations to the terms of reference of any review of Canada Post prior to its commencement.”⁸ The government ignored both the spirit and letter of this recommendation.

Similarly, the government made very little effort to consult with major stakeholders such as the public and postal unions in the course of conducting its

⁵ The total submission figure includes the 32 stakeholders and 185 individuals who did not give their consent for public posting.

⁶ Canada Post Corporation Strategic Review [on-line]; <http://www.cpcstrategicreview-examenstrategiquescp.gc.ca/nws2-eng.html>

⁷ Government of Canada, Privy Council Office, *Accountable Government: A Guide for Ministers and Minister of State*, 2008, pg. 3.

⁸ Standing Committee on Transport, Infrastructure and Communities, Motion submitted by Member of Parliament Mauril Bélanger, May 09, 2007.

review.

The Minister responsible refused to meet with the Canadian Union of Postal Workers to answer basic questions about the government's review, or respond to direct questions in correspondence.

The government also refused to hold public hearings. The public – the people who own Canada's post office – were given a little over four months, which included the summer, to send written submissions to the CPCS. But many people did not know that a review was taking place. It would be no exaggeration to say the vast majority of individuals and groups that ended up making submissions to the CPCS heard about the government's strategic review of Canada Post through communications from the Canadian Union of Postal Workers.

In contrast, the review by the PRC in the United States (US) held four public hearings.

As indicated earlier, the strategic review of Canada Post was plagued with transparency problems as well.

The CPCS met with a variety of individuals and groups, but it did not share the information it collected during these consultations. For example, it met with ten government departments, but only one department made a formal submission. As a result, there is no public record of what most government departments said or what they may have recommended.

The CPCS did not post all submissions on its website. It accepted submissions from 32 stakeholders and 185 individuals who did not give their consent for public posting.

The review did not make public a key part of its work, a study entitled *Universal Service Obligation and Other Public Policy Analysis - Study 1*.

It did not share the information that Canada Post provided.

In short, the Canadian public and post office stakeholders were denied access to large amounts of information that the CPCS collected and used in the course of drafting its report.

As well, there was no formal opportunity to respond to inaccurate information provided to the review.

In contrast, the PRC in the US had an open and transparent process which provided an opportunity to rebut information that had been collected as part of their review process.

Report of CPCS

The report of the CPCS was released on April 30, 2009. It included a comprehensive analysis of the financial and operational challenges facing Canada Post and 60 recommendations covering governance, finances, services, and the regulatory framework of Canada Post Corporation. Concerning the issue of deregulation the report stated "there appears to be little public support for the privatization or deregulation of Canada Post, and considerable if not unanimous support for maintaining a quality, affordable universal service for all Canadians and communities." The Advisory Panel of the CPCS recommended that Canada Post maintain the exclusive privilege to deliver letters with no reduction in the existing level of the exclusive privilege. However, it also recommended the removal of outbound international mail from the exclusive privilege.

There was no recommendation to establish a regulatory agency. The panel recommended the use of a price cap mechanism for setting basic letter rates. It favours a price cap that is set at a level reflecting Canada Post's overall costs, including labour and transportation.

The Advisory Panel identified five critical issues for Canada Post. These included clarification of the Universal Service Obligation (USO), financial sustainability, postal services in rural areas, governance and the need for modernization.

Included in the Advisory Panel 's recommendations is a proposal to adopt a detailed Universal Service Obligation which would be issued as a "Service Charter". The Service Charter would include standards concerning delivery, retail services, pricing and the reserved area to be covered by the exclusive privilege. The Advisory Panel recommended that rural services be included in the USO and not be conceptualized as a public policy objective. It also proposed amending the current moratorium on post office closures to permit the replacement of public post offices with private outlets.

A summary of the recommendations of the report can be found in Appendix C.

Government response to CPCS report

CUPW met with Rob Merrifield, Minister of State for Transport and Minister Responsible for Canada Post shortly after the CPCS report was released.

Merrifield said the government intended to take time to review the CPCSRR report and engage in consultations before it commented on report recommendations.

CUPW subsequently wrote to Merrifield to outline the union's position on major CPCSRR recommendations and ask for the Minister's views on a number of matters. As well, the union asked who would be consulted on CPCSRR recommendations. As of September 2009, the union has received no response to its letter and there have been no public consultations.

Nevertheless, the government *has* acted on recommendations calling for a service charter and the removal of international letters from Canada Post's exclusive privilege to handle letters.

On June 17, 2009, the government accepted the recommendation relating to international letters when it introduced Bill C-44 in the House of Commons. If passed, Bill C-44 would remove international letters from Canada Post's exclusive privilege to handle letters. This bill is virtually identical to an earlier bill (Bill C-14) which faced significant opposition from unions, the public and members of Parliament (MPs). Bill C-14 died when the 2008 election was called. (See Bill C-14: Party Positions in Action).

On September 12, 2009, the government also responded to the recommendation that Canada Post's universal service obligation be defined in a clear "contract" or "service charter" between the Government of Canada and Canada Post in order to clarify expectations and responsibilities relating to service. It announced a very short and somewhat vague Canadian Postal Service Charter.

The Charter largely reiterates existing policy and includes an expectation that the government will maintain "the moratorium on the closure of *rural* post offices" (emphasis added)

The moratorium that has been in effect since 1994 protects public post offices in rural *and* small one-post-office towns.

Canada Post says that the corporation will maintain the 1994 moratorium on post office closures as per the Charter, but the actual Charter only mentions rural post offices and does not say anything about maintaining the 1994 moratorium.

In other words, it *looks* like rural and small communities get to keep their public post offices. Nevertheless, the union has taken the precaution of writing a letter to Rob Merrifield, minister responsible for Canada Post, to make sure the

government's Charter does what Canada Post says it does. The union has also asked Canada Post for the list of post offices that are covered by moratorium.

The government's new Charter also outlines its expectations for consultation over closures and other matters. It says that the government expects Canada Post to inform people at least one month prior to closing, moving or amalgamating their public post office or changing their method of delivery. The corporation is further expected to explore options that address people's concerns.

One month may not be enough time to figure out where a rural mailbox should go and it certainly is not enough time for a whole community to discuss a public post office closure.

CUPW believes the government needs to lengthen and strengthen the expectations in relation to consultation.

Moreover, the union believes that the government should have consulted with the public on its Service Charter. Unfortunately, this did not happen. CUPW has urged the government to get input.

The following sections outline the views of the public, their political representatives and the stakeholders who made submissions to the CPCSRS.

Public opinion polling on deregulation, the environment and security

The Canadian public trusts the postal service and does not want to see Canada Post lose its exclusive privilege. This is confirmed by recent public opinion polls that reveal that seven in ten Canadians oppose the opening up of Canada Post's letter market to competition. What's more, another poll indicates the public has serious security and environmental concerns about allowing private contractors to deliver lettermail.

A 2008 Ipsos Reid poll found that 46 per cent of respondents strongly opposed "allowing private companies to deliver lettermail in Canada" and 23 per cent somewhat opposed this idea. Conversely, only 9 per cent of respondent strongly supported and 18 per cent somewhat supported the concept.⁹

⁹ Ipsos Reid conducted the poll from August 12-14, 2008. With a sample size of 1007 adult Canadians, the results are considered accurate to within +/-3.1 percentage points, 19 times out of 20, of what they would have been had the entire adult population of Canada been polled. The data was weighted to ensure the sample's regional and age/sex composition reflects that of the actual Canadian population according to Census data. The poll was conducted on behalf of the Canadian Union of Postal Workers.

The response to “allowing private companies to deliver lettermail” was similar in both urban and rural Canada.

Overall, 69 per cent of respondents opposed postal deregulation and just 27 per cent supported it.

Ipsos Reid also found that support for allowing private sector competition was not solid. The polling firm asked respondents who favoured deregulation whether they would change their minds and oppose letting private companies deliver lettermail in Canada if they knew that allowing competition would make it impossible for Canada Post to keep its one-price-goes-anywhere service for the price of a stamp.

Forty-four per cent of this group said they would change their minds and oppose allowing private companies to deliver lettermail under these circumstances.

Ipsos Reid’s results do not stand alone in showing opposition to postal deregulation. The Canadian Federation of Independent Business also found opposition to this move in a 2008 survey of their membership (see page 37).

A 2008 Strategic Communications poll indicates that a significant amount of the opposition to deregulation is due to concerns about what deregulation may mean for the environment and security of the mail.

The poll found that 74.9 per cent of respondents would be concerned about the environmental consequences of allowing private contractors to deliver lettermail in Canada (i.e. more motor vehicles delivering lettermail), with 42.0 per cent of this group being very concerned. Only 19.1 per cent of people would not be concerned and 5.2 per cent did not know.

Similarly, the poll found that 76.8 per cent of respondents would be concerned about identity theft or a risk to their privacy if private contractors were to deliver lettermail instead of Canada Post, with 46.8 per cent of this group being very concerned. Only 17.7 per cent of people would not be concerned and 5.5 per cent said they did not know.¹⁰

¹⁰ These results are drawn from Strategic Communications’ National Omnibus Survey, which interviewed a nationally representative sample of 1,202 adult Canadians over the period October 2-6, 2008. The survey was conducted online with respondents recruited from a nationally-representative panel of 450,000 Canadians who had previously agreed to be interviewed. The final sample is representative of the total population. If the sample were sourced randomly by phone, it had been a 2.9 per cent margin of error, 19-times-in-20

The above results on security and opposition to deregulation are not surprising given the extraordinarily high level of trust that Canada Post enjoys.

A poll conducted by the Strategic Counsel in 2007 found that Canada Post ranked as the most trusted institution in the country, even surpassing the Canadian Military, the Supreme Court, the Royal Canadian Mounted Police and the Canadian Broadcasting Company.

Fully 90 per cent of respondents viewed Canada Post as a trusted Canadian institution, with close to half of respondents viewing it as “very trusted” (48 per cent). Only 8 per cent saw it as “distrusted”.¹¹

Surveys by Pitney Bowes have also found high levels of trust or confidence in regular mail from Canada Post and the United States Postal Service (USPS). A survey of US households in 2003 and a similar survey of Canadian households in 2005 found that well over half of Canadians (58 per cent) and two-thirds of Americans (66 per cent) preferred to receive messages and documents by regular mail rather than email. Fully 85 per cent of Canadians and 86 per cent of Americans preferred receiving regular mail for important documents like bills, bank statements or financial reports.¹²

If public opinion polls are indicative of public will, there is absolutely nothing to indicate that major regulatory or legislative changes are necessary or desirable.

Political representatives of the public: Federal political parties

While the public is decidedly opposed to postal deregulation, their political representatives appear to be divided on the issue, largely along federal party lines.

Canada’s House of Commons (the main elected component of Parliament) is currently made up of four political parties: the Conservative Party of Canada, the Liberal Party of Canada, the Bloc Quebecois and the New Democratic Party.

¹¹ The Strategic Counsel poll was conducted for the Globe and Mail and the CTV Television Network. It surveyed 1,000 people between May 14, 2007 to May 17, 2007. The poll is considered to be accurate to within 3.1 per centage points, 19 times out of 20.

¹² In December 2003, Pitney Bowes conducted a study on household mail preferences based on 750 telephone interviews in the United States. In 2005, Pitney Bowes asked BrandTrust to replicate this study in Canada. A total of 251 households participated in the Canadian study through a random nationwide telephone poll.

Each party has members of Parliament (MPs) who are elected to sit in the House of Commons. With the exception of private member bills, MPs are expected to vote in line with any decision which is taken by the party leadership. Political parties run in elections on the basis of detailed platforms. Between elections, it is the party leadership that interprets how the party platforms will be implemented in Parliament.

The Conservative Party of Canada sits as the federal government, but in a minority situation with less than half the seats in the House of Commons. Soon after being elected, the government was asked for its position on deregulation but it refused to give a clear response. It said that "no changes to Canada Post's exclusive privilege would be considered without thorough policy analysis." It noted that "the *Canada Post Corporation Act* defines Canada Post's exclusive privilege; thus, any changes to that privilege would require legislative amendment and public debate in Parliament."

In spite of this, the Conservative government proposed a bill to partially deregulate Canada Post without conducting a thorough policy analysis. On October 29, 2007, the federal government proposed legislation (Bill C-14) to remove international letters from Canada Post's exclusive privilege to collect, transmit and deliver letters (See section below called *Bill C-14: Party Positions in Action*).

The Liberal Party of Canada is the official opposition in the House of Commons. It has stated it does not support the deregulation of Canada Post.

The Bloc Quebecois Party has no precise position on deregulation. It has stated that before reducing or eliminating Canada Post's exclusive privilege, the government must carry out a comprehensive public review of the issue, including its impact on Canada Post's mandate to provide universal service.

The New Democratic Party is on record as strongly opposing deregulation of Canada Post.

Interestingly, all parties within the House of Commons are officially opposed to postal privatization.

The information on party positions was collected through requests for positions in letters and emails, starting in November 2006.

Bill C-14: Party Positions in Action

As indicated earlier, the Conservative government attempted to remove international letters from Canada Post's exclusive privilege to handle letters by

introducing Bill C-14 in October 2007.

The government had initially defended the importance of the exclusive privilege but it was not long before it started to reconsider its position, presumably because of a lobby campaign launched by the Canadian International Mail Association.

On July 25, 2006, the government appeared to be ready to take action against remailers. It stated "Parliament granted this exclusive privilege to ensure that Canada Post could provide Canadians, no matter where they lived, with equal access to national and international postal services at universal postal rates...The activities of international remailers cost Canada Post millions of dollars each year and erodes the corporation's ability to maintain a healthy national postal service and provide universal service to all Canadians."¹³

However, by May 2007, the Conservative government had changed its position. All government MPs and some Liberal MPs on the Standing Committee on Transport, Infrastructure and Communities voted in favour of a motion supporting international mailers and a parliamentary committee review of Canada Post's exclusive privilege. The motion, which was passed by a vote of 7 to 3, recommended that the Minister responsible issue a directive to Canada Post to cease legal action against remailers until the committee had the opportunity of reviewing the exclusive privilege provisions in the *Canada Post Corporation Act* and formulating recommendations to the government and Canada Post. It called for the review to be completed by the end of the year. The government did not act on this recommendation and there was no review because Parliament prorogued in September of 2007.¹⁴

The federal government decided to proceed with legislation (Bill C-14) rather than have a parliamentary committee review during the next session of Parliament. There is absolutely no evidence that the government conducted a significant review of relevant issues prior to introducing its bill, let alone its promised "thorough policy analysis".

The Bloc Quebecois and the New Democratic Party opposed Bill C-14. Some

¹³ Letter from Paul Terrien, Chief of Staff, Office of the Minister of Transport, Infrastructure and Communities to Deborah Bourque, National President, Canadian Union of Postal Workers, January 25, 2006.

¹⁴ Standing Committee on Transport, Infrastructure and Communities, Motion submitted by Member of Parliament Joseph Volpe, Notice of Motion, May 14, 2007.

Liberal MPs supported this bill while others opposed it.¹⁵

While the government supported Bill C-14, it had serious problems moving the proposed legislation forward. It faced significant opposition from unions, the public and MPs in the House of Commons. In addition, the bill faced internal hurdles. Bill C-14 was not at the top of the government's legislative agenda.

In short, the government's strategy for removing international letters from the Canada Post's exclusive privilege on letters did not go smoothly.

This may explain why the government took the unusual step of asking the CPCSRS to review international mail and Canada Post's exclusive privilege while simultaneously pressing forward with its bill to remove international mail from the exclusive privilege.

Bill C-14 died when the 2008 election was called.

Submissions to the CPCSRS

Altogether 1,429 individuals and organizations made submissions to the CPCSRS. These ranged from single page statements of positions on deregulation to extensive presentations covering the entire range of issues included in the CPCSRS mandate. The following is a brief summary of the major points made in these submissions.

Canada Post Corporation

Canada Post Corporation (CPC) submitted an extensive brief covering most of the issues in the CPCSRS mandate. Concerning postal deregulation, the position articulated by CPC was confused and contradictory. Initially the CPC submission argued for the continuation of the exclusive privilege. The submission states, "The contribution of the reserved market to the provision of universal and affordable postal service is essential."

However, the Corporation then went on to state that "Canada Post is not against market liberalization" and "Canada Post favours a phased-in approach for any liberalization of Canada's postal market". Moreover, CPC recommended that the government support efforts to reduce labour costs and the contractual rights of post office workers, should it move to open up the exclusive privilege.

¹⁵ The Liberal Party did not exercise party discipline on Bill C-14 as the proposed legislation died prior to the vote on principle at second reading.

The approach adopted by CPC management in 2008 was in direct contradiction to all of the previous analysis and positions presented by CPC on this matter. Before the 1996 Mandate Review, CPC management was totally opposed to deregulation. CPC made extensive, well researched arguments against deregulation, concluding that the elimination of the exclusive privilege would be a disaster for the postal service and CPC's employees.

Political representatives of the public: Municipalities

Municipalities are keenly interested in their postal service. They regularly campaign in support of better service and against cutbacks and closures. In fact, they participated in a rebellion against post office closures in the late 1980s and early 1990s which resulted in the government's moratorium on post office closures in rural and small towns.

A total of 653 municipalities and organizations representing municipalities sent submissions to the CPCSRS on the subject of deregulation and other issues. Five hundred forty-three (543) of the 653 said they opposed deregulation. Another 26 municipalities said they were concerned about what may happen if Canada Post were deregulated. Only one municipality – Ponoka, Alberta – supported deregulation.

In addition, the vast majority of municipalities expressed their desire to be properly consulted during the CPCSRS. Five hundred fifty-five (555) said they wanted the government to hold public hearings. This did not happen.

Individual members of the public

A total of 23,360 members of the public, many of them postal workers, sent postcards to the CPCSRS saying no to deregulation and another 167 individuals submitted write-in cards or letters opposing deregulation or expressing concern with deregulation or the lack of public hearings.

Two hundred seventy-two (272) of the 411 members of the public who agreed to have their submissions publicly posted (185 individuals did not agree) said they opposed postal deregulation and 62 said they were concerned about what deregulation may bring. Even more people wrote about the importance of postal service, especially rural service.

Users: Large Volume Mailers

In Canada, the National Association of Major Mail Users (NAMMU) is known as the voice of the Canadian mailing industry. The membership of NAMMU

includes most of the major large volume mailers in the Canadian mailing industry.

NAMMU is on record as being supportive of the continuation of Canada Post's exclusive privilege. It believes that Canada Post needs the exclusive privilege to operate in Canada. NAMMU's submission did not address the issue of deregulation because it chose to focus on other matters, but it did comment on the international mail situation. Concerning the controversy caused by the legal rulings confirming that international mail is part of Canada Post's exclusive privilege and the government's subsequent decision to introduce Bill C-14, NAMMU said it "seeks to ensure the outcome in no way adversely impacts the existing sources of revenue of Canada Post, and in no way penalizes domestic mailers by allocating the burden of unrealized domestic revenues from International undeliverable returns, nor does it support or condone the unethical access of domestic services at rates substantially below what Canadians and Canadian business pays."¹⁶

Concerning public ownership, NAMMU stated "there is no collective desire among the membership to see Canada Post privatized. In its public submission to the Advisory Panel of the CPCSR, NAMMU presented the conclusions from a recently completed membership research study on postal privatization and postal reform. Overall, it is the position of NAMMU that the postal distribution system is working well and Canada Post's delivery has improved considerably since the last review in 1996.

The emphasis of the submission was to reinforce NAMMU's position that there must be greater mailer involvement in both the production environment and pricing decisions of Canada Post.

The key reforms advocated by NAMMU included:

1. Mandatory pricing and cost accountability.
2. Mandatory consultation prior to and during the rate-setting process.
3. Increased incentives and discounts for volume mail and work-sharing.
4. Cap on non-lettermail price increases.
5. Clarity of Canada Post's mandate with respect to competitive business activities.

¹⁶ NAMMU takes the position that this quote must be understood in the context of its paper, which may be obtained at www.cpcstrategicreview.gc.ca.

Users: Direct Admail

The Canadian Marketing Association (CMA) is the largest marketing association in Canada with 800 corporate members including the country's largest financial institutions, insurance companies, publishers, retailers and charitable organizations. It represents users of both of CPC's addressed and unaddressed admail delivery channels as well as CPC competitors such as community newspapers. CMA's submission noted that the exclusive privilege is a regulatory solution which has served Canadian consumers and businesses very well since the 19th century. It stated that the question of whether it continues to be the best means to support universal service should only be addressed through a careful and complete assessment of the impact of any change taking into account the unique characteristics of the country and the experience with postal reform in other countries.

Concerning regulatory reform, the CMA made the following observation: "Ad hoc changes to the regulatory framework will only increase the risks to CPC, its customers and the taxpayer. Postal reform should only move forward on the basis of a comprehensive plan, with provision to maintain universal service, and the means to carefully monitor and assess the impact of changes".

Users: Magazines

The Canadian magazine industry is divided concerning its position on the deregulation of lettermail. Magazines and periodicals are not currently covered by the exclusive privilege in Canada. However, it is impossible for publications and admail to be inserted into community mailboxes and apartment lockboxes because only Canada Post has the keys required to gain access.

Magazines Canada is a professional magazine industry association, representing over 300 of the country's titles. In its submission, Magazines Canada took the position that deregulation of letters is necessary as a means for magazine publishers to obtain access to community mailboxes, apartment boxes and other forms of centralized delivery points that are currently accessible only to Canada Post Corporation. Magazines Canada also argued strongly against the introduction of "distance related pricing" for periodicals. It did not attempt to reconcile its opposition to distance related pricing with its support for the total deregulation of pricing for lettermail.

The Canadian Business Press has represented the interests of Canadian business, professional and trade publications for over 87 years. In its submission to the strategic review, it did not take a position concerning the deregulation of lettermail. Instead it focused on its main proposal which is for the government to establish a postal contract between CPC and the government to clarify roles and

responsibilities and create an independent regulatory agency which would enforce the contract and arbitrate disagreements.

Users and Competitors: Community Newspapers

Canada Post is the nation's largest distributor of unaddressed admail, directly competing with daily and community newspapers and independent delivery companies. Many community newspapers in rural and remote areas also use Canada Post as a delivery agent for some or all of their publications.

The Canadian Community Newspapers Association (CCNA) represents over 750 community newspapers in every province and territory in Canada. CCNA members range from large, suburban community newspapers with circulations over 100,000 to small, rural papers with circulations in the hundreds. In its submission to the strategic review, the CCNA did not take a position on the issue of Canada Post's exclusive privilege. This was a departure from its position to the 1996 Mandate Review which was in clear opposition to deregulation.

The CCNA focused instead on specific problems its members have with Canada Post concerning size specifications and delivery schedules. It did recommend the replacement of the in-house Canada Post ombudsman by an independent body with a mandate to oversee the post office and the power to arbitrate disputes between the corporation and its customers.

Tri-City News, an independent community newspaper from British Columbia, also argued for a third party arbitration process and complained about the advantage accorded to Canada Post due to its exclusive access to community mailboxes.

Duff Jamison, president of Great West Newspapers, jointly owned by Jamison Newspapers and media giant Glacier Media Incorporated, argued that it is impossible to ever transform a government department into a customer-focused organization. He argued in favour of ending the monopoly on the basis that "there's no doubt in my mind that Canada's private sector would quickly find a way to knit together an efficient distribution system from coast to coast to coast. And it would be done at rates lower than those charged mail customers today".

Competitors: International Remailers

The Canadian international mail services industry prepares, designs, translates, sorts, prints and delivers lettermail to destinations outside of Canada. Approximately 95 per cent of the international mail being handled by these private international mail companies is destined for the United States. The majority of the letter shops and mail houses in Canada operate close to the

border, predominantly in Ontario, Quebec and British Columbia. Some printers and letter shops transport the mail pieces themselves directly across the border to a USPS postal outlet, and some use the services of an international mail company such as Spring Global Mail or Key Mail.

The CPCSRS received two submissions from associations representing international remailers and three submissions from individual companies operating in the sector. All of the submissions argued in favour of amending the provisions governing the exclusive privilege to allow international remailers to collect and transport Canadian letters to other countries for processing and delivery.

The Canadian International Mail Association (CIMA) is a coalition of Canadian companies that participates within Canada's international mail services industry. CIMA took the position that the maintaining of the international mail industry in Canada will not in any way diminish or weaken Canada Post's exclusive privilege, nor will it hinder Canada Post's ability to provide universal postal service. In fact, CIMA stated that it unequivocally supported the preservation of the exclusive privilege of Canada Post. It said: "It is important to state at the outset that CIMA and its members have always supported and continue to support Canada Post's domestic exclusive privilege and the importance of providing universal postal service. Furthermore, CIMA believes that the providing of safe and effective rural mail service is a right to be enjoyed by all Canadians no matter where they may live."

The British Columbia Printing & Imaging Association (BCPIA) argued that Canada Post should not have a monopoly on mail destined outside of Canada and that CPC should stay out of printing promotional materials or variable data processing. It did not contest the right of CPC to maintain an exclusive privilege for domestic letters.

International Direct Response Services Ltd. is a letter shop production facility that creates prints and processes direct mail pieces. In their submission they claimed that no one wants to eliminate the exclusive privilege for domestic lettermail. However, they also argued that CPC should stay out of their business and that if CPC is allowed to compete with them, they want the right to deliver mail. Mail-O-Matic, another letter shop from British Columbia also voiced its opposition to competition from Canada Post.

Kirk Integrated Marketing Services Ltd. also argued that CPC should stick to its core business and deliver the mail. They stated that if CPC wishes to compete openly and fairly with private business, it should give up the exclusive privilege and compete on a level playing field. The submission recognized that this latter

approach might be detrimental to many Canadians, particularly rural Canadians, who rely on Canada Post's universal service obligation.

Competitors: Couriers

The only major courier company to make a public submission was UPS Canada. UPS identified the role of the Universal Service Obligation as the primary issue for the Advisory Panel to consider.

While not commenting directly on the desirability of maintaining the exclusive privilege, UPS made a series of recommendations which imply support for the continued monopoly on letters.

In its submission, UPS Canada listed the categories of minimum standards that a revised Canada Post governance regime could include:

- the exclusive privilege (reserve area);
- minimum levels of delivery frequency (i.e. 5 days a week delivery);
- requirement of nationwide coverage;
- assured access to universal service (i.e. availability of access points such as mailboxes and postal outlets);
- quality of service standards and monitoring by an independent body (i.e. transit time to deliver postal item after collected); and
- complaints and redress procedures (i.e. by an independent entity).

Specifically it recommended the establishment of a National Regulatory Agency (NRA) and assigning the Annual Cost Allocation Study to the Auditor General.

Associated Industries: Pitney Bowes

With 2,000 employees and offices in all major cities, Pitney Bowes provides postal related services to more than 120,000 customers in Canada. Its services include addressing software and metering systems, print stream management, electronic bill presentation, and presort mail.

In its submission, Pitney Bowes did not comment directly on the issue of the exclusive privilege. However, it did argue that CPC should focus on its core services of letters and packages. It stated that it is appropriate for Canada Post to seek competitive advantage on the basis of its national network and leverage the trust and strength of its core competencies. But it also argued that the strategic review should ensure that Canada Post not gain an unfair competitive advantage

by cross-subsidizing competitive products with lettermail rents and that Canada Post should be prohibited from regulating markets within which it competes.

The submission included the results of extensive polling concerning the mailing preferences of Canadians. It also proposed that CPC should conduct a baseline assessment of the environmental consequences of mail and take appropriate measures to reduce them.

Users: Packets and Parcels

Both eBay Canada and the Canadian Library Association made presentations to the strategic review. Neither directly addressed the issue of deregulation or the exclusive privilege.

Providing services to 32,000 online sellers, eBay claims to be the top retail e-commerce site in Canada. Its major recommendation was that Canada Post should adopt different rate structures to lower shipping costs for eBay users.

The Canadian Library Association recognized that a strong publicly-owned and controlled pan-Canadian distribution network like CPC has incalculable benefits for the country as a whole. It focused its submission on the importance of maintaining the Library Book Rate, a Canada Post service which provides a reduced rate for mailing library books between libraries and from libraries to their users. It also proposed that the strategic review recommend that the federal government change the *Canada Post Corporation Act* to include, as library materials, non-book items such as CDs, DVDs and other audio-visual materials.

Users: The Labour Movement

The Canadian union movement played a central role in the postal reform process that cumulated in the creation of Canada Post as a Crown Corporation in 1981. Indeed, the reform process, which began in 1978, was a response to several years of active mobilization by postal unions calling for fundamental changes to the administrative and legislative framework governing the post office. The Canadian Labour Congress and postal unions were involved in all aspects of the consultations and planning that led to the creation of the Crown Corporation in 1981. The postal unions have had a major impact on all public policy debates since that time. In addition to the national office of the Canadian Union of Postal Workers, 26 CUPW locals and one CUPW region made submissions or sent letters. In its submission, CUPW elaborated on the following observations in support of continuing the exclusive privilege of Canada Post.

1. Previous independent reviews have acknowledged the importance of the exclusive privilege and recommended its preservation.
2. The public and small businesses support the exclusive privilege and most large volume mailers support the status quo.
3. The exclusive privilege is necessary to maintain uniform postage rates.
4. Postage rates for the public and small businesses would increase without the exclusive privilege.
5. Elimination of the exclusive privilege would lead to cutbacks in service to the public, especially in rural and remote locations.
6. By increasing delivery density, the exclusive privilege promotes efficiency and lower costs.
7. The exclusive privilege is good for the environment.
8. The exclusive privilege promotes security of the mail.
9. The exclusive privilege supports decent jobs.
10. Deregulation has not worked where it has been tried.

Support for the public postal service in the Canadian labour movement extends far beyond the postal unions. In addition to the submissions and presentations from postal union representatives, the strategic review received submissions from 51 other unions and central labour bodies (See Appendix D). Without exception, these submissions emphasized the need to maintain the exclusive privilege.

Users: Small Business

The Canadian Federation of Independent Business (CFIB) is recognized as the voice for small business in Canada. Founded 35 years ago, it now has over 105,000 members in every sector in every region across Canada. Taking its direction from its members, through regular surveys, it lobbies for small and medium-sized businesses at the federal, provincial and local levels of government.

Although the CFIB met with members of the Advisory Panel, no one knows the exact views that it presented as it did not make a public submission. However, thanks to a major survey conducted by the CFIB in April 2008, it is public

knowledge that a majority of CFIB members support Canada Post maintaining its exclusive privilege for letters.

When asked if Canada Post should be allowed to keep its mail monopoly, 52 per cent of respondents answered yes and 35 per cent said no, with 13 per cent undecided or not interested. Over 11,000 CFIB members participated in this poll.

These results indicate a significant shift in favour of CPC's exclusive privilege from a previous survey conducted by the CFIB in October 1996, when their members actually favoured CPC losing its exclusive privilege. In its submission to the 1996 Mandate Review, the CFIB stressed the need for Canada Post to freeze prices, focus on core services and not compete with the private sector but the federation did not comment on the exclusive privilege or its poll results.

Poll conducted by the Canadian Federation of Independent Business

Should Canada Post be allowed to keep its mail monopoly?

Ontario	% of respondents	Canada	% of respondents
Yes	54	Yes	52
No	34	No	35
Undecided	10	Undecided	11
Not interested	2	Not interested	2

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Users: Rural

Five organizations representing rural citizens made submissions to the strategic review. All of them were strongly opposed to any change in the exclusive privilege of Canada Post Corporation.

Rural Dignity of Canada, based in Barachois, Quebec, reminded the CPCSR how UPS Canada had withdrawn many services from rural Quebec when they proved to be unprofitable. It stated: "Should the lettermail monopoly be removed you know that no private company will push to take over the non-lucrative delivery of letters between Barachois Quebec and Badgers Quay,

Newfoundland, between the Ojibway community of Wikwemikong, Ontario and Sandy Lake, Saskatchewan.”

Rural Voices for Early Learning and Child Care, based in Longbow Lake, Ontario also noted that the timing of the review, conducted during the summer months, discriminated against rural residents as many farmers and ranchers would be haying and harvesting and in remote and northern communities, many residents would be fishing in summer camps.

Solidarité rurale du Québec, based in Nicolet, Quebec and the National Farmers Union argued for the need to expand postal services in rural areas and to preserve the moratorium on rural closures.

The Rural and Cooperatives Secretariats at Agriculture and Agri-Food Canada, (a department of the federal government) made an extensive submission addressing the role and importance of the postal service to rural Canada. The mandate of the secretariat is to provide analysis and advice on issues affecting rural and remote regions; to facilitate the creation of partnerships around rural issues and priorities; and, to promote dialogue between rural stakeholders and the federal government, and between the federal, provincial and territorial governments.

The submission noted that Internet use in rural areas is well below the national average and that recent research carried out within the Rural Secretariat found that 70 per cent of rural Canadians still prefer to be informed of Government of Canada initiatives through direct mail to their homes, followed by notices in community newspapers.

The Secretariat observed, “Opening letter-mail delivery to private enterprise could result in rural markets being ignored and ill-served because of low mail volumes, sparse population and great distances, in favour of more lucrative high-density urban markets.” It made three recommendations:

1. Canada Post continue to be a key player in strengthening rural competitiveness by providing universal services across Canada.
2. The universal service obligation and uniform price for lettermail be retained as key to a national competitiveness strategy.
3. A Rural Advisory Committee made up of representatives of the rural economy should be put in place in order to provide a rural voice at Canada Post.

Users: People with Disabilities

Four organizations representing people with disabilities made submissions to the strategic review.

The Council of Canadians with Disabilities (CCD), based in Winnipeg, Manitoba submitted a comprehensive brief concerning the importance of postal services for persons with disabilities. Concerning deregulation, the CCD articulated a number of concerns. It stated that the history of people with disabilities with deregulation has not been good. It noted that people with disabilities often have low incomes and stated “if affordability can only be accomplished by the exclusive privilege, then the exclusive privilege should continue”. It also noted that organizations of people with disabilities are primarily non-profit community organizations with limited budgets which use the postal service to communicate with their members and educate the general public through the distribution of newsletters and other types of educational material. CCD believes that one of the positive attributes of the existing system is that Canada has one of the lowest standard postage rates in the industrial world.

The DisAbled Women's Network (DAWN) Canada indicated its vigorous opposition to the deregulation of services provided by Canada Post and its grave concern regarding the possible implications for women with disabilities in both rural and urban communities.

The Alliance for Equality of Blind Canadians did not refer to deregulation and instead addressed the issues of the book rate, free mail for the blind, and the inaccessibility of community mailboxes.

The Saskatchewan Voice of People with Disabilities stated there should be public hearings and greater consultation.

Users: Seniors

Three organizations representing seniors made submissions to the strategic review.

The Council of Senior Citizens Organizations of B.C representing 75 organizations with a membership of 75,000 opposed deregulation on several grounds. It stated that it believes the postal service provided by Canada Post is generally and fundamentally sound and does not need to be fixed, only improved through expansion of services such as the re-establishment of door to door delivery to all residences.

The North East Margaree Senior Citizen's and Pensioner's Club of Margaree Valley, Nova Scotia opposed any change in the status of the Post Office citing the

importance of services to the elderly. Likewise the Congress of Union Retirees of Canada expressed its opposition to deregulation and requested that public hearings be held.

Users: Students

The Canadian Federation of Students expressed its opposition to deregulation of postal services citing issues such as security of the mail and the impact on jobs, especially women employed by Canada Post in rural areas.

Users: National Non Governmental Organizations

Most charities and NGOs rely heavily on Canada Post for fund raising and communicating with their members and supporters. The Council of Canadians, Canada Without Poverty and *Oxfam* Canada made submissions to the Strategic Review.

The Council of Canadians is Canada's largest citizens' organization. It works on projects which are designed to protect Canadian independence by promoting progressive policies on fair trade, clean water, energy security, public health care, and other issues of social and economic concern to Canadians. The Council opposed deregulation and voiced its support for an ongoing universal, public postal service in Canada. As a regular user of the mail (fundraising letters, regular communications with our members, etc.), it expressed its concern that deregulation could lead to both a reduction in the rural delivery of mail and an increase in postage costs. It also expressed its concern that deregulation could lead to privacy issues, including the fact that many competitors would be American-based companies that are subject to the terms of the USA Patriot Act.

Canada Without Poverty (formally the National Anti-Poverty Organization) is an incorporated, not-for-profit, non-partisan, member-based organization dedicated to the eradication of poverty in Canada. It opposed any move to deregulate postal service noting that many of Canada's 3.4 million, after-tax low income citizens do not have home computers or even telephones or cell phones and rely on the postal service for assistance in communicating with family members, friends, potential employers and others. For Canada's low-income citizens, it is therefore essential that the postal service remain accessible and affordable.

Oxfam noted that its experience in over 100 countries around the world is that only government can provide the scale necessary to provide universal access to services, and can gear them to the needs of all citizens, especially those that have low income or suffer discrimination. It recommended that no changes be made to a system that works remarkably well.

Users: Public Interest Groups

The strategic review also received submissions from 19 regional and local public interest groups representing a broad range of society, including groups representing, communities, family and child care centres, women, the poor, unemployed workers and civil society.

All of these groups argued against changing the exclusive privilege of Canada Post and the majority also requested that the Advisory Panel conduct public hearings.

Conclusion

Judging from the public submissions to the CPCSR and the report of the CPCSR, one could conclude there is very little support for the removal of Canada Post's exclusive privilege. For the most part, the participants in the CPCSR process either opposed or did not address postal deregulation.

Opposition to deregulation is widespread and includes the public, major postal users, many federal politicians and municipal representatives as well as groups representing seniors, rural residents, people with disabilities, labour, students and civil society.

There are a number of possible factors which contribute to this widespread opposition.

In general, people are happy with their postal service and do not see any reason to change it. People trust their public post office and get good value for the price of a stamp. The basic postage rate is very low by international standards (see Appendix D). Also, many people believe that removing the monopoly or exclusive privilege would reduce security of the mail, harm the environment and threaten their one-price-goes-anywhere-service.

In spite of the strong opposition to deregulation, there are signs that the debate over deregulation is not going away. The shift in Canada Post's position - from support for the exclusive privilege over lettermail to support for phased-in liberalization - and the Canadian government's support for partial deregulation (Bill C-14) indicate that this issue will resurface. In fact, the government is quite likely to take another look at deregulation in five years following from the CPCSR recommendation that the government conduct a strategic review of Canada Post every five years.

The CUPW believes that any significant change to the structure and mandate of our publicly-owned postal service should be based on substantive evidence that a change will benefit the public and protect the environment. Moreover, it is

arguable that there should be a broad societal consensus that change is necessary given the vital role that Canada Post plays in the economy, both as infrastructure and an employer.

Appendix A

Scope of Canada Post Corporation Strategic Review

The strategic review focused on the following four areas:

A. Market and competition

- How have changes in technology, competition and customer demographics shaped the postal market?
- What has been the evolution of the markets for lettermail, parcels, advertising mail, and international mail?
- What are the emerging needs of postal service customers?
- What can be learned from these same developments in the postal services markets in other countries?

B. Public policy objectives and responsibilities

- What are the costs of the universal service obligation and to what extent do revenues generated by Canada Post's exclusive mail collection and delivery privilege offset these costs? How are those costs and revenues expected to evolve in the future?
- What have been the financial impacts of public policy obligations placed on Canada Post? How are the costs of public policy obligations funded?
- What are the social impacts of the universal service obligation?
- To what extent do all of the public policy obligations imposed on Canada Post meet the needs of Canadians?

C. Commercial activities

- What are the internal and external challenges and risks faced by Canada Post in its effort to ensure its activities generate reasonable rates of return and contribute to fund its public service obligations?
- Which activities or services currently provided should be preserved as exclusive privileges and which ones should be provided in a more competitive environment?

- Does Canada Post have sufficient latitude/flexibility to perform successfully in a competitive market environment?

D. Financial and performance targets

- Are the parameters set out in the 1998 Multi-Year Policy and Financial Framework still valid and do they provide appropriate accountability?
- Is there an appropriate policy and financial framework in place to ensure that Canada Post can compete successfully in the marketplace and meet its public policy obligations?
- What are appropriate financial and performance targets for Canada Post that will reflect its dual public and commercial objectives, and support its efforts to improve the corporation's cost structure and efficiency and meet future infrastructure needs?
- How should service delivery standards be established?

Appendix B

Consultations and Site Visits

The Strategic Review Advisory Panel had consultations and site visits with the following organizations:

- Akhurst Machinery Ltd (Dieppe, New Brunswick)
- André, Harvie, former federal cabinet minister
- Association of Postal Officials of Canada
- Assurances Michel Brosseau (Montreal)
- Austrian Post
- Australia Post
- Bradford Exchange
- Bruce Doern, Professor Emeritus, Carleton University
- Canada Border Services Agency
- Canada Post Corporation (Meetings and visit of various facilities)
- Canada Revenue Agency
- Canadian Federation of Independent Business
- Canadian International Mail Association
- Canadian Library Association
- Canadian Newspaper Association and Canadian Community Newspapers Association
- Canadian Postmasters and Assistants Association
- Canadian Union of Postal Workers
- Chicoyne, Denyse, CFA, Member of the Board - Canada Post

- Claire Fabrics Inc (Montreal)
- Columbia House and Doubleday
- Competition Bureau
- Cryer, Thomas W., CFA, Member of the Board - Canada Post
- Department of Agriculture and Agri-Food Canada
- Department of Canadian Heritage
- Department of Environment Canada
- Department of Finance
- Department of Foreign Affairs and International Trade Canada
- Department of Human Resources and Skills Development (Service Canada and Labour)
- Department of Indian and Northern Affairs Canada
- Department of National Defence
- Department of Public Works and Government Services Canada
- Department of Transport Canada
- eBay Canada
- Fédération des Caisses Desjardins
- Feeney, Gordon, corporate director (former Chairman of the Board of Canada Post Corporation)
- House of Commons
- Leblanc Nadeau Bujold, Chartered Accountants
- London Drugs
- Magazines Canada
- Nanos Research
- National Association of Major Mail Users

- New Zealand Post
- Office of the Auditor General
- Pitney Bowes Canada
- Postal Regulatory Commission (U.S.)
- Public Service Alliance of Canada and the Union of Postal
Communication Employees
- Purolator Courier Ltd. (Meeting and visit of Vancouver and Montreal facilities)
- Richard, Guy A., the Hon., former Chief of Justice of the Superior Court of
New Brunswick
- Richard Hooper - Chair, Independent Review of the Postal Services Sector
(U.K.)
- Rogers - The Shopping Channel
- Royal Bank of Canada
- Royal Canadian Mint
- Royal Mail (U.K.)
- Russell, Todd, MP Labrador
- Saskatchewan Newspapers Association
- Scotiabank
- Senate of Canada
- Shoppers Drug Mart
- Stanwood Associates
- Statistics Canada
- Swedish Post
- Toime, Elmar, consultant

- Treasury Board Secretariat
- Tremblay, Michel, former ombudsman, Canada Post
- Turmel, Jean, President, Perseus Capital Inc.
- Ultramar
- United Postal Service Inc. (Meeting and visit of Hamilton and Burlington plant facilities)
- United States Postal Service (Meeting and visit of Dulles, Virginia, plant facility)
- Veseys (York, Prince Edward Island)
- World Vision
- Yves Rocher

Appendix C

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 admail 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.

Appendix D

Public Interest Groups

Workers Action Centre

Table des groupes populaires

Réseau d'Entraide Amiante

Regroupement d'éducation populaire d'Abitibi-Témiscamingue

Mouvement d'éducation populaire et d'action communautaire du Québec

Mouvement d'éducation populaire autonome de Lanaudière (MEPAL)

Kersley Community Association

Groupe populaire Déclic

Fédération québécoise des municipalités

Family Place Resource Centre

Downtown Eastside Residents' Association

Conseil des Canadiens: Saint John, chapitre du Nouveau-Brunswick

COPHAN

Centre de ressources des femmes de Beauport

Centraide Sud-Ouest du Québec

Centraide Haute-Côte-Nord-Manicouagan

CDDS Lotbinière inc.

Action Plus de Sherbrooke

Action-Gardien de Pointe-Saint-Charles

Labour Organizations

Provincial or Territorial Federations of Labour - 9

Regional Councils - 7

Labour Councils - 10

National Unions - 10

Local unions - 13

CLC - 1

International Labour Centrals - 1

Total Labour Organizations (excluding CUPW) - 51

Appendix E

Standard or First Class Letter Rates and Population Density in Eleven Countries

20 g First-Class Rates for Industrialized Countries

	2008 Domestic Rate	Currency	foreign unit in US\$	20 g rate in US\$	Fully Liberalized Domestic Market?	Density (Pop per km ²)
Finland	0.80	<i>eur</i>	1.36362	\$1.09	Yes	16
Italy	0.60	<i>eur</i>	1.36315	\$0.82	No	195
Sweden	6.00	<i>sek</i>	.124532	\$0.75	Yes	20
Austria	0.55	<i>eur</i>	1.36347	\$0.75	No	99
France	0.55	<i>eur</i>	1.36347	\$ 0.75	No	111
Germany	0.55	<i>eur</i>	1.36347	\$0.75	Yes	232
New Zealand	0.50	<i>nzd</i>	.555405	\$0.28	Yes	15
Japan	80.0	<i>yen</i>	.010560	\$0.85	No	338
United Kingdom	0.39	<i>gbp</i>	1.44987	\$ 0.57	Yes	248
Canada	0.54	<i>cad</i>	.812461	\$0.44	No	3
United States	0.44	<i>usd</i>	1.00000	\$0.44	No	31

Sources: Universal Currency Converter, 3/19/09; Postage rates worldwide,
<http://www.atms.ch/rates>; United Nations: World Population Prospects 2006