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national farmers union
In Union Is Strength

**National Farmers Union
Submission to the House of Common
Standing Committee on Finance
Regarding Canada Post and Part 15 of Bill C-9**

Ottawa, Ont.

May 10, 2010

The National Farmers Union (NFU) would like to thank the Standing Committee on Finance for giving us the opportunity to present our views on Part 15 of Bill C-9.

The NFU is the only voluntary, direct-membership national farm organization in Canada. Our organization represents thousands of farm families across the country.

Our membership takes a keen interest in the future of Canada Post because rural residents are heavily dependent on the mail—they conduct their business and personal transactions by mail far more than is the case for urban residents. For many rural people, including farmers, Canada Post is a critical lifeline and business tool. Because rural people value a strong, viable Canada Post that delivers top-quality, dependable service, we are very interested in the financial situation of the Corporation, including any potential changes to its monopoly on letter mail—an income stream which allows it to fund the delivery of mail to everyone in Canada.

In the NFU's brief to the 2008 Canada Post Corporation Strategic Review we stated: "The provision of postal services to rural areas is absolutely vital to the viability of many rural communities. ... The provision of postal services must be regarded as a right and not a privilege." Our position has not changed.

Deregulation

NFU members feel it important to make our views known to the Committee on Part 15 of Bill C-9 because this Part of the Bill, if passed into law, would partially deregulate our

post offices, and begin a process that will erode both service and affordability, particularly to people living in rural and remote areas.

Allowing international mailers to handle international letters opens the door for further privatization and deregulation of our postal services. Passage of Part 15 of the Bill is likely to accelerate Canada Post's loss of letter-mail volumes and revenues to for-profit "re-mailers". This is revenue that our post offices can ill afford to lose. And any further revenue loss will damage service for rural Canadians

Universal public postal service is vital for Canadians, especially rural residents. The current move to terminate the Corporation's exclusive privilege on international letters is a blow to universal public service. Without this source of revenue, Canada Post may have to consider its options and cut service or raise rates. As in the past, those living in remote and rural areas are likely to be hardest hit.

The NFU has been told that Part 15 of the Bill simply "formalizes the current status quo." Even if this were true, Part 15 would be bad legislation. If back-door deregulation is eroding the mandate and revenue-base of Canada Post, Canada's Parliament should correct that situation. Parliamentarians should not leap forward with legislation enshrining in law the destructive course on which we may find ourselves. Further, pressures for deregulation, and to turn over the profitable parts of Canada Post's business to the private sector, will only grow. This Bill will empower and embolden those who want Canada Post dismantled for their own private profit reasons.

The people who live and work in rural and isolated parts of Canada do not have the "market power" of people in large communities. We are not in a position to benefit from competitive, deregulated environments. Simply put, the private sector goes where the money is, and where the population is. A universal public postal service is needed to provide service to rural residents and businesses, including farms: a for-profit system will not do so. A quick look at private courier services—dense service in the cities, sparse or non-existent service in rural and remote areas—gives one a stark picture of the difference between a public post office and a corporate business model.

Further, for-profit corporations do not feel compelled to use revenues generated in downtown Toronto to cross-subsidize services in rural Ontario or rural New Brunswick. In contrast, Canada Post does cross-subsidize in this way, to the tremendous benefit of rural Canadians.

An example of one farmer's situation

As the NFU was preparing this brief, Ontario NFU Board member and farmer Ann Slater provided us with a good example of how farm businesses rely on the excellent service of Canada Post. Here is an excerpt from her comments:

"Canada Post . . . is essential to the running of my farm. Almost all my seeds arrive here via Canada Post, and I cannot access the varieties or quantities of organically grown seed I need in hardware stores or other outlets close by. The fact that almost all of the 15-or-so seed distributors I order from, choose to have that seed delivered by Canada Post is a good indication that Canada Post's service to rural areas, and the price it charges, are better than those of courier companies.

From the other side, there is a growing number of small vegetable/herb/flower seed growers selling seeds to market-gardeners and home gardeners. For these seed sellers' farms to be successful they need Canada post to distribute their seeds.

Canada Post's exclusive monopoly privilege allows it to use the money it makes in high-density areas to provide service in non-profitable, low-density areas. Part 15 of this Bill will allow cherry picking. For-profit companies will be able to capture a portion of Canada Post's business—the profitable portion—but leave Canada Post with the high-cost parts of its service.

The NFU believes that tampering with Canada Post's privilege could spell disaster for rural and remote residents over time. And we would like to point out that the Rural and Cooperatives Secretariats of Agriculture and Agri-Food Canada expressed similar concerns during the government's recent review of Canada Post. The Secretariats pointed out that "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."

Service and Jobs

There are two good reasons why rural communities are opposed to deregulating and dismantling Canada Post: Service and Jobs.

Let us turn one more time to the statements made by the Rural and Cooperatives Secretariats at Agriculture and Agri-Food Canada during the Canada Post Corporation Strategic Review. The Secretariats noted: "Given the prominence of Canada Post services in rural communities, its impact on a region's competitiveness is significant, both by providing access to important services as well as providing employment opportunities."

In terms of jobs, the Secretariats stated: "There are some 3,400 post offices in rural Canada where Canada Post staffs an average of 300 positions each year. These positions are highly sought-after within rural and small communities, especially by women who tend to have fewer job opportunities in resource-based communities than men. In addition, there are thousands of Rural Mail Carriers delivering mail across Canada."

In terms of service, the Secretariats pointed out that "Rural Canada depends on Canada Post services to underpin their communities" and that postal closures, cuts to rural mailbox delivery, and other cuts make it difficult for communities that are already struggling to make major adjustments to their economies.

Conclusion

In closing, the NFU would like to reiterate its opposition to Part 15 of Bill C-9 and express our concern about the potential impact on universal public postal service and jobs.

We would also like to emphasize the importance of Canada Post as a federal institution and public service in rural and remote communities. The post office serves many critical functions: it links us to the rest of Canada; it helps us with personal and business

transactions; it supports the continued existence of our communities; it provides employment; and it is a powerful symbol of our larger community of interest, no matter which province or territory we call home.

Part 15 of Bill C-9 does not promote the best interests of this larger community, nor those of rural and remote residents. It merely satisfies the desires of large corporations for a profitable slice of the postal market and a foot in the door of deregulation, without regard for the needs of the public.

For the reasons stated above, the thousands of farm family members of the NFU strongly recommend that the government withdraw Part 15 of Bill C-9.

Respectfully submitted by
the National Farmers Union