



August 27, 2008

Dr. Robert Campbell, Mrs. Nicole Beaudoin, Mr. Daniel H. Bader
Advisory Panel
Canada Post Corporation Strategic Review
330 Sparks Street (HCCR)
Ottawa, ON K1A 0N5

Dear members of the Advisory Panel:

This letter is in response to your June 23, 2008 correspondence concerning the Canada Post Corporation Strategic Review. We are happy to have the opportunity to submit this letter, yet we lament the fact that no public hearings have been scheduled. Out of respect for due democratic process, we urge you to consider holding public hearings as part of this review. The workers of Canada Post, represented by the Canadian Union of Postal Workers, should also be directly consulted. They are the women and men who work in post offices or on delivery routes in cities, towns and villages across the country, and this review could surely benefit from their privileged insight.

The Canadian Federation of Nurses Unions (CFNU) represents 138,000 nurses in nine provinces, and over 20,000 nursing students who are members of the Canadian Nursing Students' Association. Our members work in hospitals, in long-term care facilities, in communities and in our homes. The CFNU speaks to all levels of government, other healthcare stakeholders and the public about evidence-based policy options to improve patient care, working conditions and our public healthcare system.

In this letter we would like to speak in particular to two of the four guiding principles mentioned in the terms of reference of the "Consultation Guidance Document," namely: that Canada Post must maintain a universal, effective and economically viable postal service, and that Canada Post will continue to operate in a commercial environment and is expected to attain a realistic rate of return on equity. One of the guidance questions in your document asks which Canada Post services should be provided in a more competitive environment, suggesting that deregulation of Canada Post's exclusive privilege to handle regular letter mail is being considered. The CFNU believes that deregulation threatens to undercut the universality mentioned in the guidance principle above. We argue, moreover, that placing excessive commercial demands on Canada Post threatens to undermine its public service commitments. Our comments here are guided by the values that we believe should continue to animate our postal service as well as the guidance questions mentioned above. We will also briefly consider the deregulation experience of other countries.

A Value-Based Public Service

The CFNU is proud of our public postal system. Canada Post has become a part of Canadian heritage, and our organization counts on the continuation of this valuable service. Despite the advent of the electronic age, we continue to rely on Canada Post daily to communicate with our members and member organizations, other healthcare stakeholders and members of government. We particularly appreciate the way in which our postal system speaks to values like solidarity and equality, values which we proudly protect within our public health system as well.

The CFNU's area of expertise is health, of course, and not the postal service. We believe, however, that our experience holds valuable lessons that carry over. Canada's healthcare system was envisioned as a public service that responds to need, and not the ability to pay. All Canadians have a right to the best health services we can offer, no matter where they live, nor what their economic circumstances might be. In a similar manner, Canada Post strives to provide the same service to all Canadians, regardless of their locale or the size of their pocketbook. Profits made in high traffic urban delivery areas are used to help remote areas maintain the same service and keep postage rates low across the country. Canadians are proud of this achievement which is a testament of our commitment to equality. Canada Post also boasts a proud legacy of bringing Canadians together. Sending a postcard from Whitehorse to Halifax is only as expensive as sending one from one side of Toronto to the other. This service allows us to bridge distances and to promote unity despite the thousands of kilometers that may separate us, making our postal service an invaluable instrument of solidarity.

A Commitment to Universal Service

The Canada Post Strategic Review Commission's reference questions reveal that, while the privatization of Canada Post is not at issue, deregulation and opening the postal market to private players is being considered. Just as in health care, the introduction of private players into what becomes the postal 'market' has the potential to significantly hamper this public service. Private companies must survive in a competitive market and ensure their bottom line. If profits dictate low wages or reduced service, these will come to pass. Public service entities, on the other hand, are more capable of focusing on service and will not sacrifice it merely to increase economic gains. If Canada Post is stripped of its exclusive privilege to deliver regular letter mail, it will be forced to engage in market competition and service will take a back seat.

Increasing profit margins may still sound like a good idea until we consider where that extra money would come from. The 'efficiency' promised by the private sector is often a mere euphemism for reduced service, slashed benefits, wage cuts and job cuts. Moreover, it is important to note that we are not talking about a public service known for wasting public funds, or in need of constant government subsidy. In fact, Canada Post has paid over \$547 million in dividends to the government in the last 10 years alone.

Like the *Canada Health Act*, the *Canada Post Corporation Act* commits Canada to a universal system. A system is not universal, however, if cost disparities come to prevent some from making use of the same service that others are able to enjoy. Consider, briefly, what a deregulated postal service would look like. Private businesses would set up shop in Canada's largest cities where they would be able to undercut Canada Post rates. This loss of business would mean that Canada Post would be forced to raise rates for rural regions which are currently subsidized by the more densely populated regions. The exclusive privilege was given to Canada Post for just this reason, to provide affordable service to all Canadians. When the privilege was introduced in 1981, it was estimated that rural and isolated area service cost six to ten times as much as urban service. Deregulation threatens to reintroduce the very disparity that the *Canada Post Corporation Act* sought to eliminate through its commitment to universality. Let us not send Canadians the message that we are less interested in equality and solidarity than we were 25 years ago.

Paying dividends is already questionable itself, given previous closures of many rural post offices, inadequate remuneration for rural delivery personnel and unresolved work-life issues such as one of the highest rates of work injury in the federal sector. How can we tell employees and rural mail recipients that we cannot afford to continue service while at the same time paying out dividends to the federal government? The 1981 *Canada Post Corporation Act* held that "postage rates shall be fair, reasonable and sufficient to defray the costs incurred by the Corporation in the conduct of its operations under this Act." The same act allows that the federal government may ask for a dividend, if it wants one, but this

was clearly not meant to compromise the universal nature of this public service. As well, other profitable crown corporations, such as Export Development Canada, do not pay dividends, instead using revenue to improve working conditions and service.

Evidence from Deregulated Postal Services

There is no sound evidence of any benefits accrued from deregulating postal services. Only a few countries have made moves in this direction over the past few years, and the jury is still out. New Zealand Post's deregulation took its toll on postal workers' wages so that it could remain competitive¹, and Sweden Post lost over 16,000 jobs between 1993 and 2005, the years following deregulation, while the competition created only about 2,000.² Over the same period, postage rates rose by 90% in Sweden compared with only 21% in Canada.

What we do know is that Canada's public post system works – we have some of the lowest postage rates in the developed world despite being one of the least densely populated countries. Low density means Canadian postal workers often carry fewer pieces of mail to more isolated places (thus having a low compensation to work ratio). Japan, which is about 100 times more densely populated than Canada, pays regular postage rates that are about 32% higher than those in Canada. Canada Post is not broken, so why are we trying to fix it?

Canada's nurses believe that some services are best kept public so that quality and value are not brushed aside in the pursuit of profit. Canada Post's exclusive privilege allows it to meet its universality obligation and remain economically viable while at the same time promoting equality and solidarity and offering an excellent service to all Canadians. This is an admirable balance, and one we should not readily upset.

Thank you again for the chance to participate in this review. Again, we hope you will reconsider your tack and hold hearings open to the public – the owners and primary users of Canada Post.

cc: Denis Lemelin, National President, CUPW

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¹ A. Kenny, "Beyond the Propaganda – Postal Deregulation in New Zealand," presented at international conference "Global Companies – Global Unions – Global Research – Global Campaigns," Cornell University, February 2006.

² S. Mattsson, presentation to "Global Union Conference," Cornell University, January 2006.