

## **Canada Post Corporation Strategic Review**

Please add my name to the growing list of interviewers who want your commission to recommend that:

1. Canada Post's exclusive privilege (monopoly) on letter mail remains; and that the Strategic Review refrain from calling for the deregulation of the postal industry in Canada.
2. Canada Post uses the profit it makes to expand and improve service to Canadians, rather than submit dividends to the government.
3. The review process be opened up.

The reasons I urge these recommendations are as follows:

### **Canada Post's exclusive privilege (monopoly) on letter mail remains;**

The monies made through the letter mail exclusive privilege help finance the universal postal service mandate given to Canada Post.

If the delivery of letter mail is opened to competition, and if these competitors do not have the obligation of universal postal service, then they will simply "skim the cream" of large volume mailers and delivery to high density urban centres.

This will leave Canada Post the cost of delivery to areas with lower densities of population and mail – but without the means to finance this service.

(It is unlikely that the universal postal service obligation would be required of any potential competitors – since this obligation would prove a huge barrier to entry into the market.)

The postal landscape would then be populated with a patchwork of companies – some national, but many regional or local, delivering mail in some parts of Canada's urban areas. A much weaker Canada Post would be left to deliver to lower density areas (poorer and rural) under the universal service mandate – if it still existed.

This service would be paid for, either by charging much higher prices for mail to and from these areas, or through resorting to subsidies from the federal government.

People living and working in areas with appropriate population and mail density would see a variety of companies delivering their mail – perhaps three or four different “mail carriers” per day. This duplication of effort is inefficient, both financially, and in terms of the environment.

Services such as “hold mail” and “moved--redirection” would increase in cost, as people would have to register with (and pay) all the companies delivering in their area. – provided they even knew of all the companies in their area. Conceivably, these services would be impossible to offer.

Access to apartment mail rooms and lock-box assemblies would have to be provided to employees or contractors of all delivery companies, undermining the security, not only of the mail, but of the apartment tenants themselves, as access keys proliferate.

Start-up companies have a high rate of failure, and so we can expect that some of the new mail companies would fail as well. What would happen to the mail they held, once they cease operation? Consider the sad fate of many passengers with new-entry airlines that closed up after that industry was deregulated.

As George Radwanski stated in the report of the 1996 Canada Post Mandate Review, *“Removal of the exclusive privilege would be tantamount, in effect, to tossing Canada’s postal system up into the air, allowing it to smash into a random assortment of pieces, and hoping that those pieces would somehow rearrange themselves into a coherent whole that was better or at least as good as the current system.”*

Deregulation of Canada’s Postal service is at best a crap-shoot, and at worst, a recipe for disaster. Given the success that Canada Post is now, there is no reason to take such a risk.

To quote Burt Lance... *“If it ain’t broke, don’t fix it.”*

### **Use the profit Canada makes to expand and improve service, not submit dividends and taxes to the government**

In the past decade, Canada Post has remitted close to one billion dollars in taxes and dividends to the Canadian government. At the same time, the price cap has limited postage increases on letter mail to 2/3rds the rate of inflation.

One argument given for de-regulation and its ugly sibling, privatization, is that they can be a means to accumulate capital to finance needed capital and service improvements.

There are far too many arguments against this fatally flawed line of thinking for me to canvass them all here. It should be enough to note that, if the spirit of the 1981 Canada Post Corporation Act had been followed, dividends and taxes would not have been paid, and this \$1 billion would have been available to finance needed improvements. If that

was not enough money, changing the price cap to simply match the rate of inflation would have provided even more revenue.

### **Open up the Review process**

It is unfortunate that you have not been allowed to hold public hearings, where you could question those making submissions. Something as important as the Strategic Review of Canada Post deserves more comprehensive discussion,

Unfortunately, the way that the government has structured the Strategic Review lends credence to the conspiracy theories that some people harbour.

If at all possible, I urge you to expand your review, include public hearings, and allow greater dialogue on the future of Canada Post than that allowed by the current, limited process.

**Submitted September 2, 2008**

**Jim Crowell  
Alberta**

**I do consent that my submission, including my name and all other information in my submission, can be published on this website in its entirety except for information that I have identified as commercially sensitive, my address, phone number and e-mail address, or information that, in the opinion of the Review Secretariat, could compromise the privacy of an individual or the commercial interest of a third party**