



BCPIA

**British
Columbia
Printing
& Imaging
Association**

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September 2, 2008

Canada Post Corporation Strategic Review
330 Sparks Street (HCCR)
Ottawa, Ontario
K1A 0N5

Attention: Dr. Robert Campbell, Chair
Nicole Beaudoin, Panel Member
Daniel H. Bader, Panel Member

Re: Strategic Review of Canada Post

The British Columbia Printing & Imaging Association (BCPIA) is a trade association devoted to promoting and advancing the best interests of the printing industry in British Columbia. It is the voice of the printing industry. BCPIA's mission statement is **"to help its members prosper"**.

BCPIA is pleased to have an opportunity to participate in this important review process and will focus on only those items in the Review's Terms of Reference which are of the greatest concern to the industry - Market and Competition.

We believe it is important for Canada Post to remain a financially viable self-sustaining Crown Corporation. We do not believe it is taking the right approach by competing with its own customers. Over the past few years, Canada Post has strongly competed with the commercial printing and mailing house industries. Since Canada Post is the end supplier of the mailing service they have an unfair advantage because they are privy to information that other competitors do not have. For example, Canada Post has its customer's client lists complete with volume and mailing information. This provides Canada Post with a distinct and unfair competitive advantage and it can manipulate the postage and other costs to undercut the manufacturing and services offered by its clients in the private sector.

BCPIA believes that Canada Post should concentrate on streamlining and perfecting its core business - the efficient delivery of mail domestically within Canada. It is not a printer; and should not print promotional materials or variable data processing.

To give an example of how we feel Canada Post is competing with the industry, we need look no further than the fact that Canada Post has taken over the printing of the BC Hydro and the Terasen Gas bills; variable data printing that it took away from private industry print manufacturers that are also some of its major clients. While we are not privy to the contract arrangements, it appears Canada Post may have undercut its competitors using means not available to the private sector.

Representing employers in the graphic arts industries throughout British Columbia. Affiliated with the Canadian Printing Industries Association, the Printing Industries of America and the Graphic Arts Technical Foundation.

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Canada Post is also taking print manufacturing out of local and regional economies and transferring it to Ottawa where it has a contract with an Ottawa printer to complete the work for its Ad Mail products. BCPIA has surveyed its members to see if they have ever observed a request for tender for this print manufacturing contract on MERX. To date, no one has reported that they have had an opportunity to bid for this type of contract.

As noted earlier, we do not feel that Canada Post should be involved in providing marketing and print manufacturing services but if it does continue, fair opportunity should be given to all printers across Canada to compete for all, or a portion, of that specialized business.

In addition to unfair competition domestically, BCPIA has joined with the Canadian International Mail Association and the Canadian Printing Industries Association in an effort to promote approval and support for the passage of Bill C-14 to amend the Canada Post Corporation Act. This important proposed amendment has not yet gone to a vote.

Canada could lose greatly if this amendment is not passed to ensure the future of Canadian businesses that mail internationally. This includes both mailing houses and commercial printers. The business Canada Post anticipates it will gain by exercising its right to a monopoly over international mail will not materialize. A good portion of the business will be lost to the Canadian economy. It will go to similar manufacturing and service industries in the US or off-shore. The reason is simple. The consumers of these services will not be held captive by Canada Post – they will seek competition in a free market environment. Unfortunately that free market environment would not include the commercial printing and mailing companies in Canada if Canada Post has a monopoly on mail destined outside of Canada.

In conclusion, BCPIA believes that Canada Post should fully participate in the business it was established to perform - delivering the mail efficiently and safely across the country. It should also be directed to support, rather than compete, with its major clients to set up ways of promoting the products and services that will benefit both Canada Post and the private sector. We predict that if Canada Post is allowed to continue to compete in business areas outside of its original mandate it will have a growing detrimental effect on the printing and mailing services operated in the private sector. This in turn will hurt the Canadian economy. It will also affect the millions of dollars Canada Post contributes to the Canadian government through dividends.

If you would like clarification or to discuss any points in this letter, please call me at 604 542-0902.

Sincerely,



Marilynn Knoch
Executive Director