



## ***DURHAM REGION LABOUR COUNCIL***

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August 20, 2008

TO: Canada Post Strategic Review Panel

The Durham Region Labour Council (DRLC) welcomes this opportunity to make a submission to the Canada Post Corporation Strategic Review (CPCSR).

DRLC is an affiliate of the Canadian Labour Council (CLC) and represents over 40,000 unionized workers in the Durham Region in Ontario.

We are making this submission because we are very concerned by the kinds of changes being considered by the CPCSR, such as possible deregulation of our public post office. DRLC relies heavily on the mail to keep in contact with our members, our community partners and other Labour Councils across Canada. We believe that all our members must have current information which may affect their standard of living.

The guiding principles of the review include that Canada Post will not be privatized and will remain a Crown corporation, though the possibility of deregulation has not been included in these principles. The exclusive privilege to handle addressed letters is a form of regulation. Reducing or

eliminating this privilege by opening the exclusive market to competition is a form of deregulation.

Our public post office provides universal and affordable service. This is no small feat in a country as vast as ours. Canada has the second largest landmass in the world and one of the smallest population densities. It is the post office's exclusive privilege or monopoly on letters that allows it to generate enough revenue to provide universal postal service.

When Canada Post was granted the exclusive privilege to deliver letters in 1981, legislators understood that market forces alone could not guarantee a reasonable level of service at affordable prices to all Canadians, especially those living in rural or remote areas. At that time it was estimated that the cost of servicing rural and isolated areas was much higher than the existing postage rate of a first class letter. Canada Post was granted the exclusive privilege to handle letters so that it was able to generate enough money to provide the service to all parts of our great country at a universal cost to the consumer.

If the government decides to deregulate our post office by reducing or eliminating the exclusive privilege, it will have to dramatically reduce service or find another way of funding universal service. Of course, government subsidies are highly unlikely in this day and age.

Most postal observers believe deregulation would lead to a downward spiral for Canada Post, as private sector competitors focus on profitable areas and services, leaving the unprofitable parts to our public post office.

With fewer profits, Canada Post would find it increasingly difficult - and eventually impossible - to provide uniform and affordable service, especially in rural and remote parts of the country.

Competition will dramatically alter the price structure of postal services. Once on the open market, Canada Post Corporation competitors will be able to enter the markets where it is possible for them to offer reduced prices because of volume. This would, of course, occur in large urban centres without stringent time frames. The postal administration would have to reduce prices to compete or risk losing the market. This would result in lower prices for business mail within urban centres. To compensate for the loss of revenue from large volume mailings the post office would be required to raise prices for individual letters and low volume mailings. In Sweden, there was a 90% increase in postal rates following deregulation. Along with reduced prices would come reduced services as has occurred in both Sweden and New Zealand following deregulation. Rural and remote areas would be first to feel the cutback of services. Service in these areas has already been reduced significantly over the years with the closure of many rural post offices.

Regulations exist for a reason. In the case of the exclusive privilege for Canada Post that reason has not changed. In fact, it is probably more relevant now to provide universal postal service. Many rural and remote areas of Canada are still without the internet and rely on Canada Post as their means of communication. If we cannot provide the level of service which they now have, they will be further isolated from the rest of the country.

There are currently different views about the role the post office should play in society and what it needs to do to meet the challenges of the future. Post offices around the world face increased competition from electronic communications and private sector companies. Some have already been deregulated. DRLC recognizes that our post office must adapt to an ever-changing world. We do not support transforming our service-oriented public post office into a profit-driven business through commercial objectives, privatization or deregulation. There are other ways of dealing with the challenges that our public post office faces in today's world.

We believe that Canada Post must focus on public service and postal workers and not on its biggest customers and profit making. The corporation needs to build a better, more accountable, transparent and humane postal service. It must invest profits and dividend payments in keeping post offices open, maintaining rural delivery, expanding door-to-door service, developing new products and services, maximizing environmentally friendly practices, providing safe, unionized jobs at fair wages and good working conditions, minimizing contracting out of work.

The real owners of our post office are the public yet there have been no public hearings scheduled for this review. While submission may be sent from the public, the absence of publicity of this review will severely limit input from the real owners. It is the opinion of the DRLC that public hearings need to take place after the September 2, 2008 deadline for making written submissions and that they be advertised widely so that the public will have an opportunity to express their views on the future of their Crown corporation, Canada Post. We also believe that deadline for

making submission of September 2, 2008 needs to be expanded as the time frame falls during the summer months and is very tight.

Thank you for considering this submission and we look forward to participating in public hearings in the near future along with other owners of Canada Post.

Submitted on behalf of the 40,000 members of the Durham Region Labour Council.

A handwritten signature in cursive script, appearing to read "Jim Freeman".

Jim Freeman, President

Durham Region Labour Council