

OPINION

International mailers want a slice of the public postal pie

Who wins? Who loses? And who the heck are they?

By DEBORAH BOURQUE

Large international corporations have been salivating at the thought of carving up the public postal pie for years. An obscure bill called Bill C-14 may give them their first slice. If passed, this bill will hand international mailers a carving knife called deregulation.

Bill C-14 aims to partially deregulate Canada Post by removing international letters from the corporation's exclusive privilege to collect, transmit and deliver letters.

Canada Post has the right, under law, to handle letters—including international letters—in order to finance the post office's universal service obligation. While no one would call the corporation

Perfect Post, it *does do* a pretty remarkable job. At the moment, our country has one of the lowest standard letter rates in the industrialized world. Our postal services are universal and affordable, no small feat in the second largest country in the world. But it would become increasingly difficult for our public postal office to provide affordable service to everyone, no matter where they live, if the government erodes the very mechanism that funds universal postal service—the exclusive privilege.

So why is the government considering deregulation and what on earth is an international mailer anyway? International mailers or remailers, as they are also known, collect and ship letters to other countries where this mail is processed and remailed at a lower cost. They do so illegally.

After a number of years of trying to find a solution to the international mail problem, Canada Post took legal action



Photographs by Jake Wright, The Hill Times

Cheque's in the mail boys: Canada's Transport Minister Lawrence Cannon, left, pictured with Finance Minister Jim Flaherty on Wellington Street in Ottawa, is the minister responsible for Canada Post.

against remailers and won—all the way to the Supreme Court of Canada. Some remailers were given six months to get

out of the business. That's when the Canadian International Mail Association (CIMA), a coalition of private Canadian and international mail companies, started lobbying Members of Parliament. This lobby coincided nicely with the last election period, which CIMA used to demand a parliamentary review of the exclusive privilege provisions of the *Canada Post Corporation Act*.

Flash forward to the present. The international mailers who are violating the law have actually convinced the government that the law must be changed. Otherwise, they argue, small businesses that work with international mail will go under. Truth be told, many remailers are actually very big businesses and some are working with large postal administrations—Royal Mail from the United Kingdom, Singapore Post and TNT, which operates the Dutch postal service.

Canada Post says international mailers already siphon off \$60-million to \$80-million per year in business. The big problem is that the remail business is increasing. If the large remailers continue to grow, Canada Post's letter revenue will plummet as will its ability to provide service at affordable rates, especially in rural and remote areas.

There's another big problem too. Once you give a piece of the post office to one sector, other sectors are going to want a slice of the action. Bill C-14 could very well set the stage for further deregulation.

The international experience with deregulation has not been good. Sweden abolished its letter monopoly in 1993. Between 1993 and 2005, Sweden Post eliminated more than 16,000 jobs, while the competition created only 2,000 jobs. Interestingly, the postage rate for large volume business mailers declined considerably. But the rate for small businesses and the public increased by 90 per cent, far outstripping the accumulated inflation rate of 14 per cent.

The United Kingdom, which only deregulated its post office in 2006, is already in the midst of massive upheaval. Operating profits are plummeting. The government is in the process of implementing a restructuring plan that includes closing 2,500 post offices. Additional service cuts are expected.

Royal Mail has warned that intensifying competition and falling mail volumes are putting pressure on its ability to continue to provide a one-price-goes-anywhere service for every customer. It says higher prices for stamped letters are inevitable and universal service is at risk.

Don't let the federal government put your public post office at risk. Don't let them even start.

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