

# Canada Post Strategic Review

**Prepared by:**

Canadian Postmasters  
and  
Assistants Association



l'Association canadienne  
des maîtres  
de poste et adjoints

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**For:**

**The Canada Post Corporation Strategic Review**

**Dr. Robert M. Campbell, Chairperson**

**On this 29<sup>th</sup> day of August, 2008**



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## Introduction

The Canadian Postmasters and Assistant's Association (CPAA) is the bargaining unit for rural Postmasters and Assistants. The Saskatchewan Branch of the CPAA welcomes this opportunity to participate in the strategic review of Canada Post Corporation. Our branch consists of a six-person board; a President, a Vice-President, a Secretary-Treasurer and three directors. The elected members of this board are not full-time union representatives, as we all have positions with Canada Post in rural communities and do our union work on a part-time basis. We represent the 654 women and 22 men in permanent positions in Semi-Staff (Grade) and Revenue (Group) post offices as well as 247 to 400 term employees who fill in "as needed", in Saskatchewan. We are responsible for provincial labour relations and other trade union activities for our membership.

Charles Griffith (from Saskatchewan) was our first Branch Secretary-Treasurer and also held that capacity Nationally from 1923-1948. He is famous with us for saying "The objectives of the Postmaster's Association is to build up, not to destroy, and to improve the service, and not to hinder it." These are words our branch still lives by.

The Saskatchewan Branch of CPAA also respect and approve of the four guiding principals indicated in the terms of reference:

- Canada Post will not be privatized and will remain a Crown Corporation;
- Canada Post must maintain a universal, effective and economically viable postal service;
- Canada Post will continue to act as an instrument of public policy through the provision of postal services to Canadians; and
- Canada Post will continue to operate in a commercial environment and is expected to attain a realistic rate of return on equity.

The points we wish to address in our submission are:

- Universal postal service and Exclusive Privilege;
- Social Impact;
- Public Policy Obligations re: Moratorium on the Closure of Rural Post Offices; and
- Financial and Performance Targets.

We believe that this process will show the importance of retaining the federal government presence in rural Canada and thereby Saskatchewan, though a network of federally operated post offices staffed by the competent, reliable, accountable members of the CPAA.

## **Universal postal service and Exclusive Privilege**

The Saskatchewan Branch of CPAA believes that Canadians need **universal postal service** as it is integral to keeping the vast network that is Canada Post Corporation functioning. Without it, Canadians in rural and remote areas would be obliged to pay an increasing amount of money just for this basic communication. Consumers in large urban centers would enjoy inexpensive mail service, while the rest of Canadians suffered.

Universal postal service provides:

- affordable service to all Canadians
- quality postal service by trained, competent and reliable employees
- accountability to the public through our government
- accessibility to all Canadians, regardless of where they live

Without the **exclusive privilege** of lettermail, Canadians' access to universal service would be eroded. Competitors would vie for the lucrative large urban markets to the detriment of smaller centers and rural Canada. The fact that customers can mail a letter anywhere in Canada for one basic price is integral to the viability of continuing universal postal service in Canada. These go hand in hand.

## Social Impact

The Corporate Plan to close and/or amalgamate rural post offices in the late 1980's and early 1990's caused a huge impact on post office customers in rural Saskatchewan. The large numbers of petitions, letters and cards that were mailed to Members of Parliament and the Minister Responsible for Canada Post indicated as much. Even since the Moratorium on closure of rural post offices in 1994, there has been a flood of concern whenever a threat to a rural post office is made or perceived. In recent mailings to offices where their postal service was going to be impacted, the response was tremendous. In Leader, SK 142 postcards were return of the 360 mailed out, and in Glaslyn, 113 postcards were return of the 333 mailed. This is a general response of approximately 35%.

Rural Canadians depend on the post office regardless of technological advances. As with most service, the rural and remote areas of Canada are the last to enjoy such advances. The respect for rural postal services and the jobs done by CPAA members was and continues to be very evident in the quality and quantity of actions taken by rural communities who continue to support a federal postal network.

The post office is often the only federal presence in a rural community and may be the only Canadian flag flying within that community. The CPAA feels that it is important to maintain this presence and to expand on the services provided to rural Canadians through this network, which is already established and functioning within our communities. Competitors use this network to get their products to their final destination. Where the competition isn't willing to drive to rural or remote areas, or they don't find it cost effective, they use Canada Post to complete their deliveries by mailing their products at the urban post office closest to their customer's destination and CPAA members complete the delivery at their post offices.

The post office is often referred to as the "heart" of our communities. This is not mandated by Canada Post, but is an integral part of the day-to-day transactions that CPAA members have with their customers. Our members go beyond the scope of their duties to assist customers with such things as completing forms that need to be mailed, filling out a money order or cheque blank, and addressing envelopes when required. The customer knows that they will be treated courteously, willingly and confidentially. Inquiries will be made as to the health and well-being of a customer whose mail is piling up and they have not indicated that they will be away. Our customers are our neighbours, our friends and our family. We treasure this relationship.

Members of the government have recognized this impact. In November 2005, Lynn Yelich, MP for Blackstrap (SK) called on the federal government to recommend Canada Post strengthen its commitment to rural Canada. Responding to a "flood of postcards, petitions and resolutions" from her constituents, which

she presented in the House of Commons, she remarked “As a resident of rural Saskatchewan, I know first-hand the devastating effect the closure of a vital service like a post office has on a rural community. . . . By supporting this motion, we would be telling Canada Post that they should no longer view service to Canada's rural communities as an unnecessary burden but rather something that should be maintained and celebrated.” The Saskatchewan Branch of CPAA supports this view.

## Public Policy Obligations

In 1986, Canada Post Corporation introduced a business plan that called for the closure and / or amalgamation of all rural post offices. During this time, 214 offices were closed or amalgamated in Saskatchewan, and approximately 300 CPAA positions were lost. In 1994, the Government placed an indefinite moratorium on the closure of rural post offices. This applies to those post offices owned and operated by Canada Post only. In the intervening years 21 more offices have been closed. A list of closed offices in Saskatchewan is available at - <http://www.cpaask.org/home2533>

The closures that happened from 1986-1994 were done regardless of the size or population of a community. If a postmaster was promoted, resigned, retired or died, this “natural opportunity” was used to close the office. The Canada Post Corporation Act states that one of the objects of the Corporation is to provide similar service to communities of the same size. On June 21, 2004, the Saskatchewan Branch of the CPAA presented Canada Post with a proposal to open Corporate Post Offices in viable locations. We felt that, with the mutual recognition of the needs and desires of Canada Post, the CPAA and the communities, a positive future could be built. We chose Balgonie, Saskatchewan as the business case to present to Canada Post for this proposal. In 1991, the Grade 3 Corporate Post Office in Balgonie was closed and replaced with a Retail Postal Outlet. Since that time Balgonie and surrounding area has grown significantly and shows promise for continued growth and development in the future. CPAA strongly believes that an outlet such as Balgonie with 671 points of call (at that time) offers many benefits for becoming a Corporate Post Office. A copy of the CPAA's presentation to the Corporation is attached for your information (see Appendix “A”).

Canada Post's response to our proposal to expand service to this rural community was to state *“the Corporation bears a heavy burden on the bottom line, continuing to support small rural post offices”*. Prior to this statement (early 2002), Canada Post had informed the CPAA that as many as 750 rural Post Offices in Canada may be closed. This was done in spite of the moratorium on post office closures that was still in effect. Again, Canada Post would be using the “natural opportunity” of vacancies in Postmaster positions to close the office, without making an attempt to staff these offices.

This resulted in an additional 20 post offices closed in Saskatchewan and the launch of the Saskatchewan Branch's “My Community is not a “Burden”” campaign. (Materials attached, see Appendix “B”). The resulting 206 resolutions from towns, villages and RM councils in Saskatchewan as well as the 97 petitions containing in excess of 9600 signatures contributed towards the announcement

by the Minister Responsible for Canada Post, Hon. John McCallum on August 25, 2005 that “The Government of Canada recognizes that rural post offices play an integral role in rural Canada and for that reason I can state definitively that, if there is a post office in your community today, it will continue to be there into the future.” He goes on to say, “I will be taking additional steps to formalize the assessment and consultation process Canada Post will follow with local officials any time a situation arises with implications for the continued existence of a rural post office.” Mr. McCallum's press release is attached as Appendix “C”.

This resulted in a process called “Community Outreach” which contacts a community when the postmaster position becomes vacant to see what the community's desire is regarding their postal service. The choice is to retain their post offices as is; amalgamate with a neighbouring office; or receive their mail via community mailboxes with their call-for items available at a neighbouring post office. This has been working well for communities with the desire to continue having their postal service provided by a post office staffed by CPAA members.

It is very important to the customers served by the CPAA that the moratorium on the closure of rural post offices be maintained. This is evidenced by the public support that we have received whenever it as been asked for.

## Financial and Performance Targets

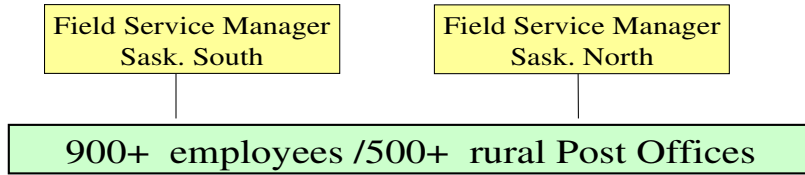
Canada Post has recently committed to providing telephones to our (CPAA's) smallest offices. It is still unclear whether this basic business tool will be provided only to those offices that will receive a new Retail Point of Service (RPOS) or to all offices. Group postmasters in privately provided premises have had to bear the cost of this expense themselves or go without a phone. The amount of their current leasing allowance does not provide for a telephone. It has become a safety issue in some offices. These offices are staffed by only one person and are in our smallest communities. They can become a target to unscrupulous persons, and the lack of a telephone contributes to their vulnerability. We are hoping that the phone initiative will expand to all group post offices, not just those receiving a RPOS.

The 1995 Mandate Review of Canada Post recommendation #21 directed Canada Post to take immediate steps to begin improving the speed and reliability of mail delivery. These delivery standards referred to the time it takes to delivery mail between two points. Canada Post has established these standards, but at the same time has reduced the standard in rural post offices. There used to be a standard to have lettermail delivered to customer's boxes by two (2) hours after the receipt of the mail from the highway service. This allowed for time for businesses and other customers to receive and respond to their mail during the same business day. Canada Post has since gone to an "all day sort" as a standard, which means that customers will receive their mail some time during the day that it is received in the post office. This has allowed for severe staff cuts in rural offices, and has impacted our customers. It has allowed Canada Post to force rural workers (mostly women) to work six-day weeks for minimal hours of works (example: 18 hour part time assistant works these hours over a six day schedule). The savings of these hour cuts are often offset by the expense by management to process them (see Appendix "D").

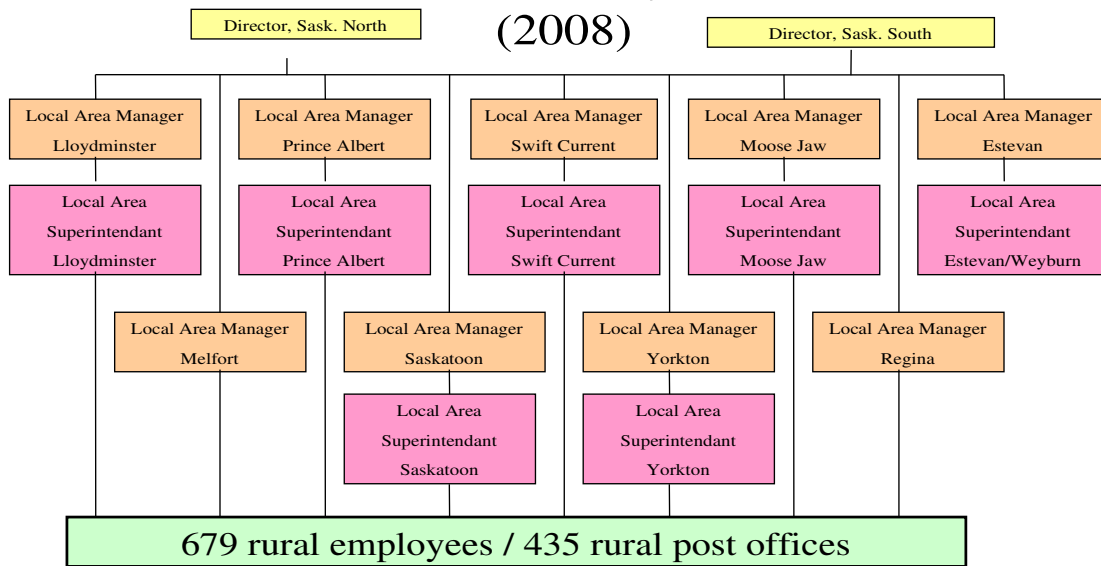
We believe that the financial targets of Canada Post should be rational. Cutting hours in rural office just to make targets that will earn a manager a bonus is not justified. The number of managers that rural workers report to at Canada Post has increased from two managers in 1989 to a current all time high of eighteen. During this same period of time, the number of rural Post Offices in Saskatchewan went from 500 to 435 and the number of employees decreased from 900 to 679.

It should be noted that Canada Post had many more management personnel in urban areas that are not included in the following organizational charts. Also, managers identified in the following charts may have been responsible for additional employees outside of the rural offices. This would be common to both of the following charts. These charts were produced from the rural employee's point of view.

**Canada Post Management – Saskatchewan  
Rural Only  
(1989)**



**Canada Post Management – Saskatchewan  
Rural Only  
(2008)**



The Saskatchewan Branch of CPAA feel that the large increase in management and the decrease of rural workers is a detriment to rural post offices and the service customers receive at these offices. We feel that Canada Post should be required to increase staffing levels to accommodate their customer's needs and maintain the health and well being of their workers.

Canada Post has been using a unique financial accounting system for rural post offices in our dealings with them. Canada Post uses the financial argument that the cost of operating certain rural post offices is higher than the revenue it

generates. The revenue figure used is for retail counter sales only, and does not include "commercial" revenue (unaddressed admail, metered mail, local newspapers, etc) even though this revenue is generated in that office. The cost figure includes all costs in the facility (including the cost of delivering and processing mail in that office). This financial accounting method is only used in rural post offices. In comparison, this would be like expecting the retail counter sales on the ground floor of 2200 Saskatchewan Drive (Main Post Office) in Regina, Saskatchewan to cover the cost of operating the entire plant at that location. The facts are that Canada Post is very profitable and has not required any taxpayer contributions to operate since 1989. The federal government was fully aware of the economics of Canada Post and the rural offices when the 1994 moratorium was introduced. Since 1997, Canada Post has reported profits and dividends close to one billion dollars. The Saskatchewan Branch of CPAA feels that rural post offices should be viewed as a positive component of Canada Post Corporation and as positive contributors to the federal government infrastructure.

## Conclusion

As stated in our introduction, the Saskatchewan Branch of the Canadian Postmasters and Assistants Association respect and approve of the four guiding principals indicated in the terms of reference.

We agree that Canada Post should remain a Crown Corporation, accountable to the public through the federal government. We agree that Canada Post must maintain a universal, effective and economically viable postal service. This service should include the current network of urban and rural post offices. We ask that the current “Community Outreach” program be continued so that Canadians have a say in what type of postal service they desire. We ask that in the future Canada Post expand the rural network so that Canadians in communities of similar size will enjoy the same service as those provided by federally operated post offices staffed by employees of Canada Post, as per the Canada Post Corporation Act.

We agree that Canada Post should continue to act as an instrument of public policy through the provision of postal services to Canadians. We feel that the services provided through the range of public policy objectives would not be honored if Canada Post was privatized or deregulated. We especially believe that the Moratorium on the Closure of Rural Post Offices should be maintained, as do our customers. We ask that the viability of our offices be improved with the introduction of new products and with the enhancement of the existing ones. We ask that the federal and provincial governments avail themselves of the federal presence of rural post offices by providing forms and limited services through the current network.

We agree that Canada Post should continue to operate in a commercial environment and attain a realistic rate of return on equity. We ask that rural post offices be viewed as an asset to the Corporation, not a “burden”. We ask that the accounting method currently being used in rural post offices be revised to reflect those used in urban areas. We ask that the number of managers needed to supervise rural post offices be reviewed.

We ask that Canada Post Corporation be allowed to maintain their exclusive privilege. This is especially important to customers in rural and remote areas of Canada, as the cost of postal services would greatly increase if the “cream” is allowed to be skimmed off by large volume mailers in urban centers.

We feel that the members of the CPAA work hard to maintain a postal system across this country that is efficient, accountable and viable.

**“KEEP THE  BEATING IN RURAL CANADA”**



## Appendices

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## Links:

### CPAASK

- <http://www.cpaask.org/>
- <http://www.cpaask.org/home2#pa100> (political action)

### Balgonie Project

- [http://142.165.59.238/public/Balgonieppttotal\\_files/v3\\_document.htm](http://142.165.59.238/public/Balgonieppttotal_files/v3_document.htm)
- <http://www.cpaask.org/home254>

### Community outreach:

- <http://www.cpaask.org/home255>

### Review

- <http://www.cpaask.org/home25>

## **Appendix A**

### **BALGONIE PRESENTATION**

#### **Purpose of Meeting**

The purpose of this meeting is for CPAA and CPC to work together to establish the presence of corporate post offices in viable locations.

Both parties will work towards developing a process and consensus in dealing with rural post office openings. Responsible and professional methods will be determined to deal with the issues of rural post offices. Factors influencing decisions related to rural post office operations will be discussed.

Working together on a positive project will assist in developing mutual respect between CPC and CPAA allowing for an improved understanding of the roles, responsibilities and objectives of both parties.

#### **Right Solution**

The establishing of a Corporate Post Office in viable communities is a new, exciting concept for CPC, CPAA and rural Canada. Community growth, expiring contracts, retirements, etc., provide the perfect opportunity for this innovative project within a supportive community.

There is a need to develop a clear process that can be followed to guarantee consistent criteria for the future opening of offices.

Currently there is support from all levels of government for maintaining rural post offices and protecting their rural identity.

## **CPAA BUSINESS CASE**

The Saskatchewan Branch of CPAA is recommending that Canada Post open a full Corporate Post Office in Balgonie, Saskatchewan.

Balgonie is located 30 kilometers east of Regina on Highway #1. Balgonie is in the enviable situation of being able to offer the amenities of small town living along with the benefits of a nearby city and lovely rural area.

On July 15, 1991 the Grade 3 Corporate Post Office in Balgonie was closed and replaced with a Retail Postal Outlet.

On October 20, 1994 Mr. Simon de Jong (Regina-QuAppelle, NDP) presented a petition signed by over 400 people from Balgonie, Saskatchewan in the House of Commons. The petitioners asked that a full Corporate Post Office be reinstated in the town of Balgonie, which at that time was a growing and progressive community, and they wanted a full time postmaster. The petitioners pointed out that the Prime Minister in a letter dated August 1993 to Rural Dignity of Canada stated that the Liberal party had “vigorously spoken out against Canada Post’s plans to close or convert existing post offices and that the Liberal Party viewed the closure and the conversion as a deterioration of services to the public resulting in poorer service, lower wages for employees and greater difficulty in guaranteeing the security of the mail.”

Balgonie and its surrounding area are showing significant growth in contrast to other rural areas that are in a state of deterioration. Statistics Canada reported in 2001 that the population of Balgonie was 1239, an increase of 9.5% from 1996. The Rural Municipality of Edenwold #158 has also shown an increase in population of 10.3% during this same time. Human Resources and Development show the population of Balgonie to be 1569 as of December 2003. Both Balgonie and the RM of Edenwold show promise of continued growth and development in the future. There are currently twelve (12) new houses being built and thirty-two (32) new lots available. In August 2003 Canada Post acknowledged this steady growth and the need for additional lock boxes. Two hundred and ten (210) postal boxes were added bringing the current number of active points of call to 671.

Save-A-Bunch is currently operating the Retail Postal Outlet. There are three employees including the owner working approximately 70 hours

per week.

CPAA strongly believes that an outlet with 671 points of call offers many benefits for becoming a Corporate Post Office. A positive opportunity has presented itself in Balgonie, Saskatchewan. Joanne Romich, owner of Save-a-Bunch has notified Canada Post that she will not be renewing her contract with Canada Post for the Retail Postal Outlet when it expires in October 2004.

A facility is available. This facility was originally built in 1985 for Canada Post. The Retail Postal Outlet is currently leasing this building and the opportunity remains for the Corporate Office to continue with this facility.

CPAA has discussed the concept of establishing a Corporate Post Office with businesses and residents of Balgonie and the RM of Edenwold. We have received support for this pilot project verbally and in the form of letters from residents, the town council, the RM of Edenwold and neighbouring communities.

The neighbouring communities of Pilot Butte and White City have the benefits of a full Corporate Post Office. Statistics Canada reported in 2001 the population for Pilot Butte was 1850 and White City was 1013. The Canada Post Corporation Act states that one of the objects of the Corporation is to provide similar service to communities of the same size.

CPAA is confident that any concerns expressed regarding the present service would be addressed through corporate training, dedicated postal service and the enhanced availability of products and services.

Canada Post would be able to manage and control the postal products and services to embrace the potential financial opportunities available from this growing community. Meaningful employment would be provided in the Balgonie area.

CPAA recommends that the employees currently working in the Retail Postal Outlet be given first consideration for employment within the new Corporate Office. This deviation from the collective agreement would be for the initial hiring to minimize the impact on employees and on the customers conducting business with Canada Post. Once the original hiring is completed then the terms of our collective agreement would apply.

## **Recommendations**

CPC and CPAA should engage in consultation immediately to discuss the issue of establishing a Corporate Post Office in Balgonie. The community should be kept informed as to the developments and progress of this innovative project. Written reports should be provided to ensure the process is consistent, collaborative and fair.

## **A Model of Respect**

With the mutual recognition of the needs and desires of CPC, CPAA and the Town of Balgonie a positive future can be built.

This model for opening a Corporate Post Office in Balgonie could be used as a model for the rest of the Canada.

## **Considerations**

There are definite issues that all sides must consider.

CPC has a duty to provide excellent and universal postal service to all Canadians including those in rural Canada. Regaining control and standards in a Corporate Post Office will ensure consistent quality of service. Their presence in the community will provide an excellent opportunity to improve the corporate image. Listening to the needs and desires of the community demonstrates respect for rural Canada in this positive constructive initiative. Working together on this endeavor will enhance relations with CPAA.

CPAA has a unique opportunity for membership growth adding their presence in the community. Opening an office allows the association to assist in providing excellent postal service to the residents of the community. Support for this project shows our respect for rural Canada. Working together with the corporation in a joint venture to open a corporate post office allows us to assist in creating a clear and transparent process that will be beneficial to all parties. Working together on this endeavor will enhance relations with CPC.

The Federal Government will be given an opportunity to maintain their presence and demonstrate their commitment to rural Canada.

Rural communities will benefit by having a federal presence. They will be assured excellent, universal postal service of consistent quality with

stability and security. There will be employment opportunities in the community.

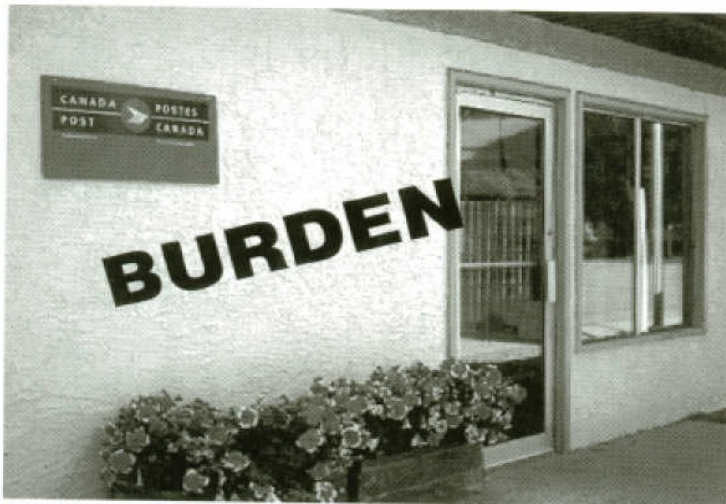
### **CONCLUSION**

We want to work together.  
Our interests are the same.  
Collaboration should begin immediately.

**Striving for a Positive Future**

## Appendix B

### Burden Campaign.



**My community is not a  
"BURDEN"**



**P.O. CLOSURES !!!!**

## **Is providing postal service to rural Canadians a “BURDEN” to Canada Post and the Government of Canada ?**

The Canada Post Corporation recently informed our Association that providing postal service to rural communities is a burden to the Corporation. Canada Post recently refused a proposal to expand service in a rural Saskatchewan community saying that *“the Corporation bears a heavy burden on the bottom line, continuing to support small rural post offices”*. Prior to this statement, Canada Post informed us that as many as 750 rural Post Offices in Canada may be closed. To give a Saskatchewan perspective on the situation, we have identified 10 Post Offices that have been closed since 2002, 18 Post Offices that are currently awaiting government approval to be closed and 135 Post Offices that we believe that are most likely to be closed in the future.

To give some background on rural Post Offices, 1981 legislation converted Canada Post from a government department to a federal Crown Corporation. As with all federal crowns, the federal government retains the authority and responsibility to approve general policy direction for the corporation. Canada Post management is responsible to operate the crown corporation within the direction and policies set by the Government. Government policy (via the Canada Post Act) contained two important points. First, the new crown was granted exclusive privilege to deliver lettermail in Canada to ensure the new crown had a stable income base and second, the new crown was mandated to provide postal service to all Canadians.

In 1986, the federal government approved a plan to close all rural post offices in Canada. From 1986 to 1994, approximately 1,500 rural post offices were closed. Closures were driven solely by vacancies in Postmaster positions which created “natural opportunities” for closure. There was no consideration for size, population, or the wishes of the community in regard to the closures. Saskatchewan’s losses during this period were 214 post offices closed and approximately 300 jobs lost.

In 1994, the federal government issued a moratorium on further closures. The Minister Responsible for Canada Post, the Honourable David Dingwall was very clear in his 1994 statement that *“As long as this Government is in power, no rural or small town post office will close”*.

From 1994 to 2001, Canada Post respected the moratorium. Canada Post made efforts to keep rural Post Offices open by advertising for a postmaster whenever a vacancy occurred. In a few exceptional cases, offices were closed but only when it was not possible to hire a postmaster in the community. A government review of the CPC mandate made recommendations in July 1996 that the moratorium should be extended indefinitely and that the government should give priority and attention to maximizing the use of Canada Post as a federal presence in rural and remote areas.

In early 2002, Canada Post resumed asking the federal government for approval to close rural offices without attempting to hire replacement postmasters. Similar to the 1986 closure plan, Canada Post is again promoting the idea that postmaster vacancies are “natural opportunities” and thus sufficient grounds to close rural post offices. This new round of closures is clearly in violation of the 1994 government moratorium and the 1996 government review of CPC’s mandate as a federal crown.

Our Association approached Canada Post in 2004 with a proposal to re-open a federally operated post office in the town of Balgonie. (Canada Post had closed the Balgonie post office in 1993) The 2003 population of Balgonie was 1,569. Both the Town of Balgonie and the R.M. of Edenwold #158 have shown steady population growth for a number of years. We were very disappointed when Canada Post refused our suggestion stating *“While we agree that the population of Balgonie is growing, we do not see it growing large enough in the foreseeable future to sustain a corporate post office”*. Further to their contention that a town of 1,569 was too small to warrant a post office, Canada Post went on to say that *“...the Corporation bears a heavy burden on the bottom line, continuing to support small rural post offices”*.

In support of the attitude that providing service in rural Canada is a burden to the Corporation, Canada post has promoted the idea that the cost of operating specific rural post offices is higher than the revenue they produce. This comparison of cost to revenue is misleading and biased against rural communities. Keep in mind that rural post offices are primarily delivery facilities. Canada Post does not include any revenue for rural offices from mailings that are deemed “commercial” (fliers, metered mail, local newspapers, etc) and any mail from out of town when preparing their financial arguments designed for public consumption. This narrow and misleading methodology for producing

cost / revenue comparisons is only used for rural post offices and it not applied to other areas of Canada Post's operation.

Our Association feels that rural post offices should be viewed as a positive component of the Corporation and as positive contributors to the federal government infrastructure. Rural post offices are often the only federal presence in their communities and our Association feels very strongly that this presence should be expanded to make forms, information and services of other government departments available in rural communities.

The facts are that Canada Post is very profitable and has not required any taxpayer contributions to operate since 1989. The federal government was fully aware of the economics of Canada Post and the rural offices when the 1994 moratorium was introduced. Since 1997, Canada Post has reported profits and dividends close to one billion dollars.

Government policy could go one of two directions regarding further rural post office closures.. The Government of Canada could agree with the Canada Post "burden" attitude and approve more rural Post Offices for closure. We believe this course of action would have a negative effect on rural Canada and on Canada Post as a whole. The delivery network backbone of the Corporation would be weakened and the competitive advantage of having the most extensive delivery network in Canada would be lost. We note with some irony that Canada Post currently promotes itself with the slogan "From anywhere to everyone" for customers looking for access to rural markets not served by courier. Rural services lost and rural jobs lost are another important consideration for our government.

CPAA Saskatchewan is asking for the support of residents, businesses and elected officials to maintain postal service in rural Saskatchewan communities. The Government of Canada is responsible for approving general policy directions for all federal crown corporations, including Canada Post. Clearly, the Government of Canada needs to direct senior managers of CPC to adjust their focus and attitude toward rural Canadian communities. The government could direct Canada Post to maintain and improve rural postal service. We see this alternative as a positive opportunity for the Government of Canada to contribute to the viability of rural communities at nil cost to taxpayers. The federal government must also recognize that rural jobs would be maintained and possibly increased again at no cost to the taxpayers of Canada. To accomplish this positive direction, we are asking all rural shareholders

(individuals, businesses, and their elected representatives to send a clear message to the members of Parliament that their rural communities are not a “burden” to the Government of Canada or any component of our Government, including the Canada Post Corporation.

## Appendix C.

### **STATEMENT FROM THE HONOURABLE JOHN McCALLUM, MINISTER RESPONSIBLE FOR CANADA POST**

Lumsden SK, August 25, 2005 . . . In recent months there have been several statements made that Canada Post has targeted several rural post offices for closure. This is simply not true. The Government of Canada recognizes that rural post offices play an integral role in rural Canada and for that reason I can state definitively that, if there is a post office in your community today, it will continue to be there into the future.

Our commitment to the moratorium against rural post office closures remains unwavering and I will continue, together with all Members of Parliament, to ensure that the moratorium remains part of our larger rural approach.

Since I was named the Minister Responsible for Canada Post I have implemented a number of changes to ensure that our Rural Post Offices are protected. The first was to identify rural outlets that have been temporarily closed and, in cooperation with Canada Post, develop an action plan to reopen those offices where possible. I am also pleased to add that the new President of Canada Post, Ms. Moya Greene, has given me her personal commitment that Canada Post fully appreciates the Government's policy on rural post office closures.

There may be a few instances where the closure of a rural post office is unavoidable. For example, the death or retirement of the postmaster or a fire in the building that the post office is housed could result in temporary closure. These events cannot be avoided. When such an event does happen, Canada Post will contact my office immediately. My staff will then contact the MP responsible for that area and inform him or her of the event. Canada Post will immediately begin working with local officials to examine ways to reopen a post office in that town. In cases where this process yields no options for a viable post office to reopen, and as a last resort, an amalgamation of Post Offices may occur.

I will be taking additional steps to formalize the assessment and consultation process Canada Post will follow with local officials any time a situation arises with implications for the continued existence of a rural post office.

This government is committed to the moratorium against rural post office closures and will not tolerate actions contrary to its spirit. Canada Post will follow the assessment and consultation process any time a situation arises with implications for the continued existence of a rural post office, regardless of whether the post office is owned by Canada Post or operated as a franchise.

This government is committed to keeping rural post offices open. Rural Canadians deserve no less.

Shane Diaczuk  
Office of Honourable John McCallum  
(613) 447-3511

## Appendix D.

A letter calling on government for an independent review.

Rt. Hon. Stephen Harper Hon. Lawrence Cannon  
Prime Minister of Canada Minister Responsible for Canada Post  
House of Commons House of Commons  
Ottawa, Ontario Ottawa, Ontario  
K1A 0A6 K1A 0A6

Hon. Jean-Pierre Blackburn Hon. Beverly J. Oda  
Minister of Labour Minister of Status of Women  
House of Commons House of Commons  
Ottawa, Ontario Ottawa, Ontario  
K1A 0A6 K1A 0A6

### **RE: Canada Post Corporation**

We are writing to request that the Government of Canada order an independent review of certain business practices and policies of the Canada Post Corporation. It appears to us that the management of this Crown Corporation is not fulfilling the mandate given to the corporation in the Canada Post Corporation Act and is not acting in accordance with direction given to the corporation from the Government of Canada. In support of our request for an independent review we offer the following points for your consideration:

### **The current management of the Canada Post Corporation appears to be exhibiting an anti-rural and anti-women bias.**

One the goals of Canada Post appears to be to use misleading financial arguments as justification to reduce rural postal service. One recent example is a staff reduction in Kinistino, Saskatchewan. Canada Post has stated that hours reductions are necessary to meet labour cost targets assigned to managers. In recent years the management of the

Canada Post Corporation has established a compensation system of rewarding themselves with annual bonuses for achieving certain goals. We have been told by rural managers that one of their goals is to reduce labour costs, apparently without regard for service levels. In Kinistino, Canada Post eliminated a four hour per week position and added three hours per week to another employee. The net reduction was one hour per week. Because the eliminated position was paid a lower salary rate than the position that hours were added to, the net monetary savings is \$2.19 per week. To build the case for the one hour /\$2.19 reduction

Canada Post sent a manager from Prince Albert to Kinistino twice to spend a day observing the operation of the office. The manager's wages, mileage and meal expenses would have been approximately \$570.00. Canada Post also sent a manager from Prince Albert to Regina to attend a meeting to justify the one hour / \$2.19 cut in Kinistino. The cost of 2 days wages for the manager, hotel room, mileage and meal expenses would have been approximately \$850.00. Our Association feels that there is something terribly wrong with spending over \$1,300.00 to save \$2.19 per week. Canada Post disagrees and maintains their actions make sound business sense.

General Manager of Canada Post Labour Relations defends the \$2.19 Kinistino reduction as being “consistent with our business requirements”.

Another issue that causes much concern for our Association is that the Kinistino type of reductions have occurred in approximately 50 communities in Saskatchewan in recent years. All of the employees reduced or laid off have been women. All were part-time employees working in rural locations. We are not aware of any such reductions or lay offs in Canada Post other than to the female part-time employees in rural communities. In fact, when Canada Post was considering the closure of the Quebec City plant, management stated many times that none of the Quebec City employees would lose their job. It appears to our Association that Canada Post views their rural, female workers as easy targets for job reductions in order for the full time managers to achieve their bonus targets.

Canada Post has publicly stated that rural post offices are a financial burden on the Corporation. More proof of the Corporation's anti rural bias is that the Corporation has removed some products and services from the smaller rural offices such as Mint Coins, prepaid telephone cards and Corporate retail products. The Saskatchewan CCAA feels that the reason for this is to reduce the revenue in these offices and make them appear to be financially inefficient, thus setting the stage for future reductions and office closures. This is in direct violation of the 1998 mandate review of the Canada Post Corporation which made many recommendations on the future of Canadian postal service including “That the Government direct Canada Post to improve, rather than reduce, the quality of service in rural areas....”

**The current management of the Canada Post Corporation appears to be ignoring the Corporate mandate for serving Canadians as legislated in the Canada Post Corporation Act.**

The Canada Post Corporation Act states that one of the objects of the Corporation

is to provide similar service to communities of the same size. We suggest that this mandate should not be interpreted to mean that all rural communities are a “burden” and thus subject to reductions and/or elimination of services.

The Corporation's management frequently exhibits an attitude of disdain for rural communities. For example, Vice-President, Field operations recently wrote CPAA to say “As you are already aware, the Corporation bears a heavy burden on the bottom line, continuing to support small rural post offices.” Not only is the notion that rural communities are promoted as a “burden” to the Crown Corporation very offensive to rural residents and employees, the “burden” label illustrates an attitude toward rural service that is inconsistent with the intent of direction given to the Corporation's management by the Government of Canada. Further, the suggestion that the management of Canada Post is “supporting” rural communities appears somewhat arrogant and much removed from the true purpose of the Corporation to serve Canadians in all regions of the country.

**Canada Post Corporation is regularly mis-treating their rural women workers. No other group of employees in the Corporation is subjected to treatment such as:**

In , Canada Post forced an employee into a six day work week after twenty four years of service. The employee is scheduled for a total of 18 hours per week and effective July 17, 2006, her schedule requires that she work six days per week to get her 18 hours in.

In , Canada Post refused to allow extra assistance to an employee when she was attempting to return to work after surgery on a modified work program as directed by her physician. Canada Post's own Health Unit appeared to agree with the restrictions ordered by the employee's physician but the manager refused extra assistance for the employee to reduce costs and achieve his bonus target. According to the manager, extra assistance was not required because the public could serve themselves.

In over 200 locations in Saskatchewan, Canada Post Corporation has refused to install telephone service. These locations have only one staff member. Over 90% of the employees working alone in rural locations without telephone service are women. All of

these employees deal with the public and are held personally responsible for

Canada Post's cash and products. These employees are the only group in Canada Post where the managers require the employee to be personally responsible for Corporate monies while working alone and refuse to provide any link to another employee or emergency services.

Canada Post payroll software is programmed to underpay employees for statutory holidays and some acting assignments. Canada Post has known about the incorrect programming and underpayments for more than 4 years but have refused to correct the programming. Canada Post has repaid the underpayments for only those employees who have questioned their individual underpayments. In other cases, Canada Post has kept the employee's money. The Corporation continues to intentionally underpay employee and conveniently blames the SAP software system.

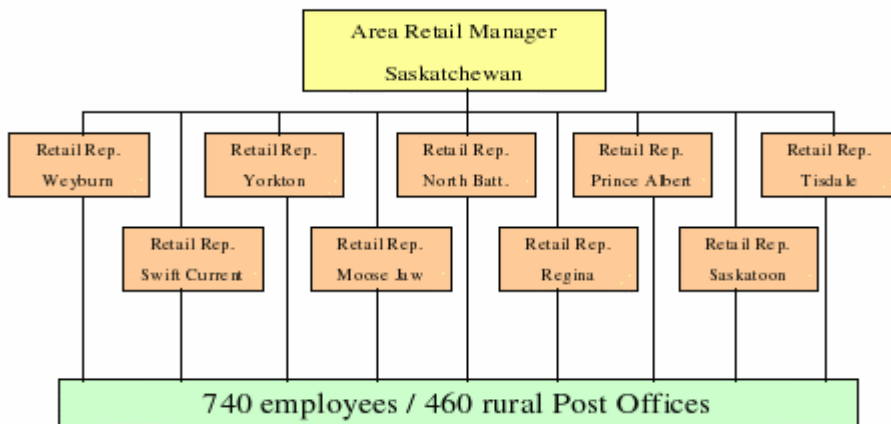
Canada Post has neglected maintaining some of their buildings in rural areas to the point that the health of the employees is jeopardized. One example is Milestone, Saskatchewan where Canada Post acknowledged a toxic mould problem in 1998 and has yet to adequately repair or replace the building. The Corporation has promised to build a new building but has yet to deliver on that promise.

Other employees have experienced medical problems and all have filed claims with the Workers Compensation Board. Ironically, while rural women workers are working in hazardous conditions, the management of Canada Post has found money to spend hundreds of millions of dollars on SAP software and something called "Business Transformation".

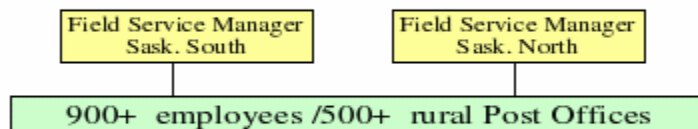
Canada Post routinely makes unique financial demands on rural employees. Only rural, predominately female employees are expected to personally pay for telephone service, for their post offices. Canada Post has repeatedly refused to pay for these items while requiring employees to phone for daily business tasks such as credit authorizations, absences, relaying messages to other offices, and training. Canada Post also prints employee's personal phone numbers in Corporate telephone directories and advertises the personal numbers as Corporate numbers. **The number of managers that rural workers report to at Canada Post has increased from two managers in 1989 to a current all time high of eighteen.** In 1989, two Field Services Managers supervised over 900 employees in over 500 rural post offices in Saskatchewan. It should be noted that Canada Post had many more management personnel in

urban areas that are not included in the following organizational charts. Also, managers identified in the following charts may have been responsible for additional employees outside of the rural offices. This would be common to all 3 of the following charts. These charts were produced from the rural employee's point of view.

**Canada Post Management – Saskatchewan  
Rural only  
1997**

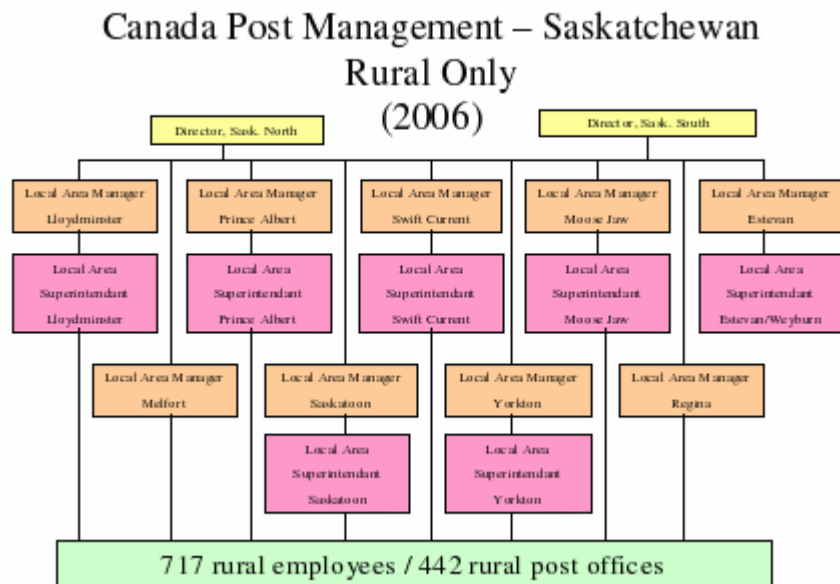


**Canada Post Management – Saskatchewan  
Rural Only  
(1989)**



In the mid-1990's, Canada Post reorganized their network and the number of managers that these employees reported to grew to ten. Canada Post created one

Area Retail Manager for the province of Saskatchewan and nine Retail Representatives that were responsible for an area within the province. Meanwhile, the number of rural employees decreased to approximately 740 and the number of rural post offices declined to around 460 through office closures and amalgamations. Yet another reorganization of management brings us to the current situation where 717 rural postal workers in 442 post offices report to eighteen (18) managers. Two (2) Directors, nine (9) Local Area Managers, and seven (7) Local Area Superintendents make up the management team in Saskatchewan.



It appears to us that the Corporation could achieve much greater cost savings and maintain service if they would reduce the number of management positions rather than reducing hours of the employees that actually move the mail.

We thank you for your **consideration** of the above issues and we look forward to your reply regarding an independent review to examine the current direction of the management of the Canada Post Corporation.

Sincerely,

Darwin Hoimyr  
President,  
Saskatchewan Branch CPAA

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