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Privatization and Deregulation at Canada Post

We at the Sarnia and District Labour Council are asking that public hearings be held through out Canada to discuss the privatization of Canada Post instead of asking just a few organizations to submit their ideas on this issue.

Deregulation would jeopardize the security and privacy of the mail. It is currently a federal offence for anyone to open or tamper with mail without the permission of the recipient or a judicial warrant.

The post office employs a highly trained security force whose primary responsibility is security of the mail. Major postal facilities are equipped with elaborate security systems. As a result, senders and recipients of mail may be reasonably confident that the nature of their business or personal correspondence is private and secure.

With the introduction of competition, it would be virtually impossible for the federal government to ensure that a myriad of delivery companies lived up to legislation requiring security of the mail.

Privacy problems would be compounded by the fact that many competitors would be American-based companies that are subject to the terms of the *USA Patriot Act*. Under the terms of this Act, American subsidiaries delivering mail in Canada can be required to provide the American government with any records they have concerning the sending or receipt of mail.

Deregulation is likely to harm postal workers here in much the same way as it has hurt workers in other countries. Only Sweden and New Zealand have had any long-term experience with postal deregulation. Postal workers in New Zealand suffered a dramatic decline in wage levels after their post office was deregulated in 1998. Thousands of postal workers' jobs were eliminated by Sweden Post after it was deregulated. Between 1993 and 2005, Sweden Post destroyed 16,000 jobs while the competition created only 2000 jobs.

There are other good reasons to believe that the number and quality of jobs in the postal sector would decline if the letter market is deregulated and opened to competition. A 1996 study conducted by Coopers Lybrand concluded that deregulation would lead to a massive loss of volumes and positions at Canada Post. The financial

crisis resulting from volumes and revenues lost to competition would obviously leave our post office with less money to provide workers with decent wages, benefits and working conditions.

Rural areas and women would be hardest hit. A financially-strapped post office would not be able to maintain much service or employment in high cost rural areas. A review of Canada Post conducted from 1995 to 1996 warned that any reduction in rural service would adversely affect women workers, as the post office is one of the few secure, good paying jobs available to women in rural parts of the country. Indeed, 86.9 per cent of rural counter workers and 71.5 per cent of rural route mail delivery staff are female. Deregulation would result in higher prices, reduced service or both.

There appears to be a correlation between countries that have fully deregulated their post offices and higher standard postage rates. See the chart on the back of this bulletin.

Why is this? Once a domestic letter market is fully deregulated, competitors typically focus on profitable urban areas and business mail, leaving unprofitable rural delivery and individual mail to a post office. The post office normally loses part of the lucrative letter business to competitors. At some point, the post office can no longer cross subsidize and finance high cost individual mail and rural delivery with the money it makes from large volume urban mailings because competitors have taken this business.

In addition to rate hikes, the public would likely face service cuts if Canada Post is deregulated. If our post office follows the example of Sweden's deregulated post office, it would cut back or eliminate retail service, especially in rural areas.

Recently, an independent review of the United Kingdom's deregulated postal sector found that "there have been no significant benefits from liberalization for smaller businesses and domestic consumers."

We at the Sarnia and District Labour Council urge you to hold public meetings on this very important issue to the Canadian people.

Sincerely
Raymond Fillion
President
Sarnia and District Labour Council