

The future of Canada Post lies in expansion and innovation

Canada Post is at a crossroads. On the one hand, it faces significant challenges due to economic recession, electronic diversion and years of underinvestment in facilities and equipment. On the other hand, it is well placed to meet these challenges with its enormous, nation-wide infrastructure and trained workforce.

The corporation could dramatically expand the services it provides to the population and generate the revenue it needs for the future. Or it could choose to raise postage rates or cut costs.

So far, Canada Post has responded to its situation by closing post offices, removing street letterboxes and making other cuts. It has moderately increased postage rates for lettermail, its monopoly product.

And it has also embarked on a massive \$2 billion modernization program, which it says is crucial to its future. This program is designed to repair and upgrade aging infrastructure. It is also aimed at increasing productivity and saving money through

new technology and new work methods. The corporation intends to use all the productivity gains from modernization to cut thousands of jobs in communities across the country and save \$250 million annually. In short, Canada Post does not appear to be headed in an expansionary direction.



Canada Post is well placed for the future and its challenges with an enormous, nation-wide infrastructure and trained workforce.

CUPW wants Canada Post to reconsider its focus on cutting and instead follow the example of other postal administrations around the world by expanding services.

The union believes the future of Canada Post lies in innovation and expansion. The corporation has recently made some small moves in this direction by adding an online comparison shopping service and offering a personal identification

number (PIN) reset service for chip credit card holders. But it could be doing much more. This fact sheet outlines a few of our ideas, our demands in the current round of bargaining and what other countries have done to innovate and expand service.

The union has many ideas for service expansion. Here are a few:

Banking

Between 1867 and 1969, the Canadian Postal Savings Bank provided basic banking services at branches across Canada.

Earlier this year, former Canada Post President Moya Greene indicated that the corporation is thinking about getting back into banking.

CUPW would like the corporation to do more than think about banking. We'd like to see a plan. There are many good reasons to move forward.

Six reasons why Canada Post should have banking services

1. It would help Canada Post make money and increase the corporation's ability to invest in public postal service and jobs.
2. It would give people access to banking services in communities that do not have banks.
3. It would make it easier for people to get basic financial services, like credit, without having to pay exorbitant fees through loan companies.
4. It would give small businesses and groups access to financial services in their communities and help stimulate local economies.
5. It would help Canada Post diversify like other post offices around the world and leave the corporation less dependent on mail.
6. It would provide meaningful work and new and interesting jobs for CUPW members.

Time to move forward

When Canada Post became a Crown corporation in 1981, then President Michael Warren argued for banking services at retail counters. He said there were 2000 communities across the country with a post office but no bank. He thought the postal service should step in and fill this vacuum.

The need for a postal bank has grown since this time. In the past 20 years, more than 2000 bank branches have closed, mainly in rural and low-income areas.

We still don't have a postal bank but many other countries do.

In the world today, 1.5 billion people use postal financial services each year and more than 400 million people have postal bank accounts.

There are several different models that Canada Post could consider.

Brazil's post office partnered with a private-sector bank to greatly increase the availability of banking services in all regions of the country.

New Zealand Post established its own bank – KiwiBank – in 2002. It now has more branches than any private sector bank in the country.

France's postal service, La Poste, launched its own bank in 2006 and now has over 11 million postal banking accounts.

Italy's post office expanded its traditional savings bank services in partnership with private sector

Support for union's approach

“We the undersigned believe that Canada Post should share the benefits of postal modernization with the public in the form of improved public postal service and jobs.”

*—From the People's Postal Declaration
Signed by about 250 municipalities, 2010*

“CUPW is looking at job enrichment and job expansion...[It] is a legitimate demand for the union to put on the table.”

*—Bill Kelly, Labour Canada Mediator
CTV News, September 6, 1991*

“I consider the Union's [service expansion] initiatives excellent, commendable, and probably even viable...”

—Judge Laurent Cossette, Government Appointed Mediator-Arbitrator, 1988 Arbitration Decision

banks. It now gets 55% of its revenues from postal banking services.

India Post offered financial services but now the government is looking at setting up a postal bank to help service the rural poor.

The United Kingdom's Post Office partnered with the Bank of Ireland to offer banking services. But the Post Bank Coalition wants better banking services and is campaigning for a bank run by the post office. The government recently indicated it is thinking about allowing all banks to use postal counters for savings bank transactions.

Expansion of Parcel Delivery

The parcel delivery sector is projected to keep growing as a result of e-commerce and Internet marketing. People are buying more online and many of these purchases have to be delivered to the door.

The post office, which has been a pick-up and delivery agent for parcels and packets for over 100 years, could easily expand with this sector. CUPW thinks the corporation should set its sights on being the last-mile delivery agent for all parcels.

Canada Post recently entered into an arrangement with FedEx Ground Canada to provide last-mile parcel deliveries in rural and small town communities on behalf of FedEx. The union thinks this agreement should be used as a template throughout the parcel delivery sector, beginning in lower density rural areas and expanding to urban areas as the corporation ramps up its delivery capacity. Having Canada Post provide last-mile delivery for the entire sector would increase delivery density and produce economic efficiencies allowing for lower prices. It would also be good for the environment.

There is a direct and inverse relationship between increased delivery density and use of fossil fuels, pollution and traffic congestion.

Retail Services

With 6,500 outlets, Canada Post has the largest retail network in the country. It could use this network to offer new services to the public like post offices in other countries.

Australia – Travel and passport services. Identity checks. Bill payment. Banking. Car insurance.

Prepaid, reloadable foreign currency cards which enable cardholders to make purchases and withdraw local currency from ATMs around the world.

Italy – Subscriber identity module (SIM) cards for phones. Financial and payment services: post office savings accounts, post office interest-bearing bonds, national and international money orders, currency exchange services.

Switzerland – PostShop online with 2 million products, plus a recall service that allows customers to return products with defects to a PostShop.

Canada Post was the first postal administration in the world to provide public Internet services in the mid-90s. It could re-establish its investment in this service by providing high speed Internet in underserved rural areas.

The corporation could also offer federal and provincial government services in communities where these services have been reduced or eliminated (by relocating government operations in a post office or getting postal employees to do this work).

Other countries do more at the door

United States - The United States Postal Service and the National Association of Letter Carriers work with local social service agencies across the country to monitor the well-being of elderly and disabled mail patrons.

France – La Poste is using letter carriers to provide a check-up service in association with organizations that check on the elderly and ill.



Door-to-Door Delivery

Today approximately 15 per cent of households are serviced by urban community mailboxes (CMBs). These households are denied equal service simply because their homes were built more recently than 1975.

CUPW thinks Canada Post should extend door-to-door delivery as it begins to reap the financial benefits of its modernization program. We think the public should share the benefits of modernization.

There are also environmental advantages to extending door-to-door delivery. Letter carriers going door-to-door use much less fossil fuel than residents who drive to pick up their mail at neighbourhood CMBs.

Third parties support extending and examining door-to-door delivery

1989 - Alan Marchment, Chair of the Postal Services Review Committee, proposed that Canada Post rebalance its objectives in favour of improving services by offering door-to-door letter carrier delivery to the urban and suburban residences that were then serviced by community mail boxes (CMBs).

1996 - The 1996 Canada Post Mandate Review also recommended that the Government direct Canada Post:

- *To devise and implement a way of providing exceptional door-to-door delivery for elderly and/or disabled persons...*
- *To review community mailbox locations from the viewpoint of women's safety...and to improve and relocate any that are found to be potentially hazardous.*
- *To replace community mailboxes with door-to-door service in urban areas with existing letter carrier service, if and as resources permit...*

2008 - The Report of the Canada Post Corporation Strategic Review recommended that the corporation provide an overview of the environmental impact of each type of delivery mode.

Our demands

CUPW believes that our public post office should share the benefits of modernization with the public by preserving and improving public postal service and jobs. We want Canada Post to:

- Increase services to the public by:
 - Increasing hours, products, and services at retail counters.
 - Expanding door-to-door delivery.
 - Extending Mail Service Courier delivery hours on evenings and weekends.
 - Adding new services such as banking, financial services, bill payments, Internet and same-day delivery.
- Agree that the union-management committee that experiments with expanding services and creating jobs (Appendix T) will implement union-initiated projects prior to the expiry of the contract.
- Provide door-to-door delivery to all new delivery points in non-rural areas.
- Keep manual sortation of mail at local offices or stations or return this work if it has already been moved.
- Create a new classification for Heavy Duty Truck Mechanics with a specialized job description and pay rate.
- Create job opportunities for members by maintaining and expanding the current apprenticeship program.

You can get the union's analysis of volumes, profits, prices and the future of Canada Post from CUPW's paper "The Future of Canada Post" at www.cupw-sttp.org (See Negotiations/Urban Unit Negotiations).