
THE IMPLICATIONS OF CONVERTING HOME MAIL DELIVERY TO COMMUNITY MAILBOXES: THE CANADIAN EXPERIENCE

EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

This paper addresses the economic, social and political implications of Canada Post Corporation's (CPC's) decision to replace all residential mail delivery with community mailbox (CMB) delivery. It examines Canada Post's recent economic performance and the economic rationale it provided to justify the change in delivery mode.

The paper reviews the responses of various stakeholders, including the public, municipalities, small businesses, large volume mailers, political parties, unions representing employees, and organizations representing seniors and people with disabilities. It also examines the implications for Canada's health care system.

ECONOMIC PERFORMANCE AND RATIONALE FOR CUT

On December 11, 2013, Canada Post announced a five-point plan designed to reduce costs. In addition to the elimination of door-to-door delivery, the plan included price increases, greater privatization of post offices, the introduction of new work methods and reductions in employee compensation costs.

The basic justification was a projection by the Conference Board of Canada that Canada Post would lose approximately \$1 billion per year by 2020. The Conference Board's report *The Future of Postal Service in Canada*, published in April 2013, was entirely paid for by Canada Post Corporation. Canada Post President Deepak Chopra is on the Board of Directors of the Conference Board of Canada. David Crapper, paid to organize the focus groups and conduct the polling used in the report, worked on many Conservative campaigns.

Almost everything that we have been told about this plan, whether it be the financial projections used to justify it, or the description of the impact it will have on people, has either been a distortion of reality or completely untrue.

FAULTY FINANCIAL PROJECTIONS

The Conference Board arrived at the \$1 billion figure by assuming Canada Post would incur financial losses beginning in 2012. Altogether, the Conference Board projected a cumulative loss of \$950 million for the first three years for the Canada Post segment. In fact CPC actually reported a profit during this period.

The report also contains errors with respect to volume projections and significantly underestimated the increase in parcel volumes. The report estimated a drop in lettermail volumes of 9.5% for the fourth quarter of 2012. The actual reduction in volumes was almost half of this prediction.

The report does not examine the feasibility of expanding into financial services and banking, although other postal administrations are embracing these options.

Canada Post management consistently projects the most negative image possible about the financial prospects for the corporation. For instance, during 2014, the corporate plan called for operating losses of \$256 million, when in fact the Corporation reported profits from operations of \$299 million. There is no reason to assume that Canada Post Corporation is facing any imminent financial problems that would justify the hardship and additional costs that will result from the conversion of home mail delivery to community mailboxes. CMBs are a solution in search of a non-existent problem.

LACK OF CONSULTATION

In 2013, Canada Post held invite-only meetings in 46 communities and conducted a mostly online public consultation, focusing on cuts. However, municipal leaders in cities such as Hamilton and Montreal, where Canada Post claimed to have held consultations, reported that no such consultations were held at any time. The corporation did not hold any public meetings. It did not meet with stakeholders, such as seniors' groups or organizations representing people with disabilities. Most people did not even know that Canada Post was asking for input on its future.

From April to October of 2013, Canada Post's website invited the public to answer the question: "What kind of postal service will you need in the future?" The Conference Board's report was posted as background information. Very few members of the public proposed the kind of service cutbacks that Canada Post called for, even though they had been encouraged to by false reports of impending financial collapse.

RESPONSE TO THE CUTS

THE PUBLIC

In December 2013, fully 58% of survey respondents opposed the conversion to community mailboxes. Not surprisingly, people who had home mail delivery were the strongest advocates of keeping home delivery. Notably, 80% of respondents agreed with the statement that "losing home mail delivery will pose a real hardship for some people" and 71% stated they were worried about the loss of 6,000 to 8,000 jobs as a result of the cutbacks.

MUNICIPALITIES

Most cities already have experience with community mailboxes introduced in new housing projects since the mid 1980s. However, all existing CMBs were introduced as an integral element of the design and layout of these housing developments in consultation with the municipality and the builders. Now community mailboxes are being introduced in areas that have not been designed for their presence.

To date, 577 municipalities in Canada have passed resolutions opposing the elimination of door-to-door delivery or calling for a halt to delivery changes until there is proper consultation.

In the City of Montreal, la Commission sur le développement social et la diversité montréalaise held three days of public hearings and recommended that the City of Montreal and the greater region do everything possible to prevent Canada Post from putting community mailboxes on its territory, refuse Canada Post's five-point action plan in the name of Montreal residents and implore the Crown corporation to maintain urban home delivery, as well as asking Canada Post to perform a study on the economic consequences of the direct and indirect job losses that the end of home delivery would have. The report also proposed that the city file a motion for intervention at the Federal Court to monitor the legal challenge launched by the Canadian Union of Postal Workers, and groups representing seniors and the disabled.

The City of Hamilton also investigated the implications of introducing community mailboxes. The cost of having city staff review each location was estimated at \$522 per location. The report also identified issues of installation requests for additional sidewalks and ramps for easier access, increased snow clearing responsibilities, additional sign posts for parking, reduction in parking spaces, additional streetlights and waste containers, graffiti, vandalism, possible bus stop conflicts, interference with cycling traffic and increased claims against the City for personal injury or property damage.

Hamilton passed a bylaw stipulating that Canada Post obtain a \$200 permit for each community mailbox it wants to install on municipal property. Canada Post refused to obey the municipal law even though its own site selection guide says it must respect local by-laws. Canada Post offered to provide \$50 per mailbox, bringing the cost to Hamilton taxpayers down to about \$1,888,000. This does not include the ongoing cost of policing, dealing with litter, answering traffic and noise complaints etc.

BUSINESS

The Canadian Federation of Independent Business (CFIB) was alarmed by the massive price hikes announced in Canada Post's five-point plan. The CFIB said that these rate hikes would have a significant impact on many small businesses. 40% of their members send at least 50 pieces of lettermail per month and 46% continue to rely on payments from their customers by cheque. The National Association of Major Mail Users (NAMMU) represents mail end users and the supplier infrastructure, including major large volume mailers. NAMMU told the corporation that pricing itself out of the business market would rapidly destabilize its revenues.

POLITICAL PARTIES

The governing Conservative Party of Canada supports the five-point plan. Conservative Members of Parliament (MPs) voted against an opposition motion in Canada's House of

Commons in support of door-to-door delivery. All federal political parties except the Conservatives have promised to stop or put a moratorium on the home mail delivery cuts, if elected. There is an election scheduled for October 19, 2015.

UNIONS REPRESENTING EMPLOYEES

The Canadian Union of Postal Workers (CUPW) pointed out that many postal operators were responding to a changing postal business with innovation, but that Canada Post was relying on cuts and rate increases that could hurt business. It urged the government to use its review of the Canadian Postal Service Charter to consult with the public about what kind of postal service they need. The union launched a Save Canada Post Campaign in December 2013 that continues at full tilt to this day.

The Canadian Postmasters and Assistants Association (CPAA) opposed Canada Post's five-point plan as well. The CPAA took issue with the plan to increase the use of private postal outlets or franchises. In September 2014, the union released a study called *Why Post Offices Need to Offer Banking Services*, which indicates there is a real need for postal banking in rural areas.

The Union of Postal Communications Employees at the Public Service Alliance of Canada (UPCE/PSAC) also rejected the plan to eliminate home mail delivery.

ORGANIZATIONS REPRESENTING SENIORS AND PEOPLE WITH DISABILITIES

The Council of Canadians with Disabilities (CCD) told a parliamentary committee that the end of door-to-door-delivery would adversely affect Canadians with disabilities, noting that Canada made a commitment not to do anything that would reduce accessibility services when it ratified the *Convention on the Rights of Persons with Disabilities*.

The National Pensioners' Federation, National Association of Federal Retirees, Congress of Union Retirees of Canada, Association Québécoise de Défense des droits des personnes Retraitées et préretraitées, Association coopérative d'économie familiale de Lanaudière, Association de personnes retraitées de la Fédération autonome de l'enseignement, Association québécoise de défense des droits des personnes retraitées et préretraitées de Joliette, Association québécoise de défense des droits des personnes retraitées et préretraitées de Mékinac and Citizen Advocacy Ottawa have also expressed concerns about the cuts.

CUPW, along with groups representing seniors and the disabled, launched a federal court challenge in November 2014. The case asks the court to declare that eliminating home mail delivery is contrary to the *Canada Post Corporation Act*, the *Canadian Charter of Rights and Freedoms*, the *Canadian Human Rights Act*, the *Convention on the Rights of Persons with Disabilities* as well as the Universal Postal Union's Universal Service Obligation.

In response to Canada Post's decision, the CUPW hired Caryl-Anne Stordy, an independent researcher, to conduct a study to understand how losing door-to-door services will affect Canada Post customers, specifically those individuals with disability and mobility issues, as well as seniors and low-income earners located within the first 11 communities selected for the conversion. Her research confirms that many people will suffer real hardship. Three prominent concerns that have been highlighted are security, safety and accessibility.

The suggestion of Canada Post management that seniors have family members or roommates that can be trusted to obtain their mail is simply not true for many people. The reality for seniors, according to the 2011 census data, is that one-quarter (24.6%) of the population aged 65 and over live alone. Individuals with disabilities or mobility limitations are twice as likely to live alone (17.3% vs. 9.4%), and are more likely to be lone parents (7.3% vs. 5%). Ending home delivery will result in reducing the independence of many seniors and disabled people.

Canada Post management failed to meaningfully consult with organizations representing persons with disabilities. Instead, they unilaterally announced a plan to offer people with mobility restrictions once weekly delivery provided they could provide proof of their inability to collect their mail. The plan was widely criticized by disability advocates as being time consuming, costly, and adding yet one more level of discrimination that disabled people must overcome. It was sharply criticized by Louis Francescutti, President of the Canadian Medical Association, as "totally irresponsible."

LITTER

Many municipalities have had to deal with the problems of litter associated with community mailboxes. After failed attempts to work with Canada Post, including a pilot project using recycling boxes, the City of Vaughan is considering following the example of other cities such as Brampton, Ontario and introducing its own recycling units at 150 community mailbox locations. The capital cost of locating these units is estimated to be \$146,775 and the ongoing annual costs of emptying them at \$26,000. Should the City go ahead and introduce units at all CMB locations, the capital cost is estimated at \$978,500 and the annual ongoing cost at \$178,300.

SNOW REMOVAL

Inadequate snow removal around community mailboxes and street letter boxes is a major complaint of residents and a constant area of friction between municipalities and Canada Post. In the winter of 2015, many Canadian municipalities over-spent their snow removal budgets and refused to take on the extra expense of removing the snow and sanding the ice surrounding Canada Post community mailboxes. In very many instances, the standards are simply not adhered to by contractors. This can lead to serious difficulties for seniors who are more vulnerable to slips and falls on slippery surfaces.

THEFT AND VANDALISM

Canada Post does its best to suppress news stories. As a result of an access to information request, the CBC found that in a 5-year period there were 4,800 incidents of theft, vandalism or arson relating to CMBs in B.C., a province with 20,000 community mailboxes. In other words, almost an average of one in four CMBs experienced a break-in, theft, arson or vandalism during this 5-year period. The absence of national reporting of CMB break-ins and the refusal of Canada Post to release timely figures on the number of thefts from CMBs serves to undermine the ability of the public to evaluate Canada Post's claims concerning the safety and security of community mailbox delivery.

REAL ESTATE VALUES

The introduction of CMBs into areas which have not been designed for them may result in reduced property values. The real estate appraiser who prepared a report for the CUPW concluded "It is my professional opinion that community mailboxes will have a negative impact on both demand and pricing for residential homes (*Winnipeg Free Press* 2014)." This assessment was shared by realtor Puma Banwait in Calgary, Alberta, who lost a sale in March 2015 because the home was next to a large community mailbox. He was quoted in the *Calgary Herald* as saying that locating a community mailbox next to a residence constitutes "a total invasion of privacy, and that definitely will bring the price of the house down at least 10 to 20 per cent (*Global News* 2015)."

HEALTHCARE IMPACTS

The conversion of home mail delivery to community mailboxes will increase the number of people who experience severe injuries as a result of slips and falls.

Slips and falls of seniors are a very serious problem in Canada. Falls are the leading cause of injury-related hospitalizations among Canadian seniors. Between 20% and 30% of seniors fall each year. Falls and associated outcomes not only harm the injured individuals but also affect family, friends, care providers and the health care system.

16% of falls occur while walking on snow or ice. With the loss of home delivery, more seniors will be exposed to hazardous weather conditions such as slipping on icy streets. The number of seniors in Canada (5 million in 2011) is expected to double in the next 25 years.

CUPW asked consulting firm Stratcom to conduct a poll of people who lost home mail delivery in the first wave of cuts. 21.3% (106) of respondents reported experiencing an accident, such as a slip or fall, either at the community mailbox or going to and from the mailbox. 8.5% (9) of this group required medical attention.

ENVIRONMENTAL IMPACTS

Many people drive to their community mailbox and allow their car to idle while they pick-up mail. The production of greenhouse gas emissions associated with the manufacture and installation of more than 250,000 community mailboxes is also an issue.

CONCLUSION

Canada Post's financial situation is not the disaster predicted in Canada Post's corporate plans or the Conference Board's report from 2013. In fact, Canada Post has made millions in recent years. There is no need for the corporation to take the drastic step of eliminating home mail delivery.

Most stakeholders in Canada are opposed to ending door-to door-delivery. The public, municipalities, large volume mailers, most political parties, unions representing employees, and organizations representing seniors and people with disabilities have all raised serious concerns and identified problems associated with the move to CMBs, especially for municipalities, seniors, people with disabilities and the Canadian health care system.

Given the social and financial costs of eliminating home mail delivery and the current economic viability of Canada Post, the decision to move to CMB delivery should clearly be reviewed.

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