

## **Retail services and maintaining the moratorium on post office closures**

### **Retail services**

It may come as a surprise to some that Canada Post Corporation (CPC) has the largest retail network in the country: 6,300 post offices, more than half of which are public post offices employing experienced, well trained, long serving and predominantly female staff. Private postal outlets make up the rest, primarily in urban areas.

The public postal retail network plays a vital role in representing a respected federal institution to the Canadian public and providing a stable infrastructure that communities need to thrive and businesses need to grow.

CUPW represents the 1,566 people who work in 493 post offices in largely urban areas. This number of post offices is the minimum CPC is required to keep open under our collective agreement.

CUPW first negotiated protections to the urban public network in 1992 because of Conservative plans in the late 1980s to privatize the entire retail network and introduce more private postal outlets. Over the years, the number of CUPW staffed post offices dropped from 734 in 1987, to 589 in 1999 to today's minimum limit of 493.

The number of private postal outlets has increased accordingly, some introduced right next to public post offices, thereby undermining the sustainability of the public network. Today, some cities like pre-amalgamation Hamilton and Kitchener no longer have a single public post office.<sup>1</sup>

Without the contractual provision protecting a minimum number of post offices that the union negotiated, we believe CPC would have closed all but a dozen or so post offices in major urban areas and moved to an essentially privatized model.

The general public, particularly seniors and small businesses are the main customers at post offices. For some, we are a key partner in their daily lives and enable a significant

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<sup>1</sup> <http://www.therecord.com/news/local/article/919358--post-office-should-stay-in-downtown-kitchener-council-says>

part of their businesses. Small businesses generally come to public post offices for the more knowledgeable and experienced service that public employees provide with respect to admail marketing and parcel shipping. Charities come for assistance with their newsletter and targeted mailing needs.

Long-serving staff in public post offices knows the inner workings of the postal system and receive training and on-going support to keep up with the frequent changes to service offering. In addition to detailed product and service knowledge, staff must know over 60 complex but required corporate procedures.

Private postal outlets are hosted in other businesses, mostly now in large drugstores which have national contracts with Canada Post. They service the general public for the more simple transactions in urban areas and typically have longer opening hours. Workers in private outlets are usually paid at unsustainable minimum wages and receive little training or on-going support which leads to a high turnover and service quality issues.

Foot traffic in public post offices is slowly declining as customers are directed to private outlets to pick up parcels that are not delivered at home. In addition, people and businesses engaged in e-commerce now have on-line options (which are discounted) for paying for shipping which decreases the sales at the post offices.

Private outlets are more profitable for CPC as it pays only a modest margin on sales and small fees for certain services like parcel holding for pick-up.

Because of this and the costs to upgrade to CPC's technological requirements, many small stores have not been able to continue hosting a postal outlet and most are now hosted in large corporations, mostly drugstores. The retail network in rural areas remains largely public because there are no large chain drugstores and local small businesses cannot afford to operate a postal outlet for such tiny returns.

Our members working in retail hear the public's complaints about the quality of service in private postal outlets. One reoccurring criticism is they over-charge for shipping. This is likely because the sales software encourages offering the premium services (like Xpresspost) first, then the regular services. Private outlets possibly do not make the offer of the cheaper regular services because the margin on this is lower. Our members also reimburse customers and correct errors made in private outlets. This is an essential

part of customer service but it does not generate revenue for the public post office network.

Canada Post's two tiered retail network leads to an uneven customer experience and risks undermining the trusted brand and identity of an important federal institution.

Each post office serves a unique community. In some places, the post office was always and remains an anchor for local commerce and a meeting place. In small towns, residents are especially attached to their local post office, often calling upon staff for assistance for finding the best product for their needs, deciphering forms and sharing local information. For visitors to these areas, post offices act almost as local tourism information bureaus. Rural post offices are the only federal presence in their communities.

In urban areas, the public retail network is a mix of well-located full service post offices and smaller outlets located in letter carrier facilities. The latter are often located in industrial areas and service the small and medium sized business community with specialized postal needs and also people who drive. The post offices in the urban core serve all types of customers from new Canadians who use international money transfers to send remittances to their families to the on-line seller who is sending parcels. Business customers like to come to the post office early in the morning, before their own business opens. Unfortunately, many public post offices have had their opening hours reduced, opening later and closing earlier, effectively squeezing customers into this window or out to private post offices.

In another attempt to reduce costs, Canada Post has "downsized" some public post offices by cutting service to a single old-fashion service wicket that hides its products from customers. The resulting long line-ups discourage customers and lead to decreased revenues where this conversion has occurred.<sup>2</sup>

For Canadians in both rural and urban areas, public postal post offices are a trusted federal institution and provide bilingual services as needed and always comply with important government security measures such as money-laundering prevention procedures and identity theft protection. While the public network may be more expensive to operate, it performs many non-revenue generating functions that the private network does not. Public post offices are part of every downtown renewal and

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<sup>2</sup> [http://www.bayshorebroadcasting.ca/news\\_item.php?NewsID=55523](http://www.bayshorebroadcasting.ca/news_item.php?NewsID=55523)

urban revitalization program that encourages social cohesion and local economic development.

As many other post offices around the world are doing, the retail network at Canada Post needs to be leveraged to offer more services that Canadians need.

**Recommendation:** That the minimum number of public post offices in urban areas be increased so that every downtown core has a public outlet

**Recommendation:** That private postal outlets located within 1 km of a public post office be closed

**Recommendation:** That the hours of operation of public post offices be increased, that the quality of service be supported by adequate staffing and that downsizing be stopped

## **The moratorium on post office closures**

For thousands of Canadians who reside in rural areas and small towns, few issues are more important than the moratorium on post office closures.

The moratorium on post office closures in rural and small towns was announced in February 1994 by a Liberal government. It covered about 4,000 of 4,200 post offices (364 staffed by members of CUPW and 3603 staffed by members of the Canadian Postmasters and Assistants Association).

CUPW recognizes that extraordinary circumstances may require Canada Post to close post offices. Unfortunately, the corporation has shut down well over 350 offices covered by the moratorium since 1994. There are 3,598 offices remaining on the list of protected outlets. (359 staffed by CUPW members – according to Canada Post information from 2012 - and 3,239 staffed by CPAA members).

### **Reasons for moratorium**

The moratorium was originally implemented in response to a huge public outcry over post office closures. Between 1987 and 1994, 1,716 offices were shut down: 68 staff

offices in larger towns and cities; 1,374 revenue offices in rural areas: and 274 semi-staffed offices in smaller towns and villages.

In 1984, Brian Mulroney's newly elected Conservative government had set about making major changes to our country and economy, including our public post office. In May 1986, Canada Post President Don Lander told a parliamentary committee that the federal government had a plan for post offices and stated that it "was not a Canada Post plan."<sup>3</sup> In November 1986, the corporation's five-year corporate plan called for the elimination of all 5,221 rural offices. This document revealed plans to close approximately 3,500 public post offices and open private postal franchises. It indicated that the remaining offices – about 1,700 – were to be replaced by community mailboxes.

In March 1987, Harvie Andre, Minister Responsible for Canada Post, further elaborated on the future of the retail network in a letter to CUPW stating that "Canada Post plans over the next ten years or more to place the majority of its retail services in both rural and urban areas in the hands of the private sector."<sup>4</sup>

During the years that followed, these plans met with stiff resistance. Rural communities, postal unions and allies, such as Rural Dignity and the Canadian Labour Congress, relentlessly campaigned against the cuts to rural postal services. They signed petitions, passed resolutions, organized "franchise-free" zones, wrote letters of protest and asked their Members of Parliament (MPs) for help. Rural residents also organized demonstrations in a bid to keep post offices, which they viewed as the heart of their communities. For example, residents in St. Clement, Quebec blockaded their post office with farm implements, tractors and trucks for 59 days. These efforts garnered a great deal of support from Canadians, including Liberal and New Democratic MPs. In 1987, Liberal leader John Turner confirmed "opposition to postal franchises" and said that "apart from the worrisome implications for government patronage, we believe they could affect the quality of service and give undue competitive advantages to certain business. Rest assured that we will be vigorous in our opposition."<sup>5</sup> NDP leader Ed

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<sup>3</sup> David Stewart-Patterson, "Post Office Lacking Direction: Lander", *Globe and Mail*, May 22, 1986, p. 8

<sup>4</sup> Harvie Andre, Minister Responsible for Canada Post, Letter to Darrell Tingley, National Director, CUPW Atlantic Region, March 19, 1987

<sup>5</sup> John Turner, Liberal Party Leader, Letter to Jean-Claude Parrot, CUPW National President, September 23, 1987

Broadbent also publicly opposed “the...wave of cutbacks in postal service” in 1987 and stated that “privatization results in a clear deterioration of service...”.<sup>6</sup>

This broad-based opposition from MPs, farmers, fisherman, teachers, trade unionists, community development workers, citizens groups, individuals and others was rooted in the belief that post offices are a hugely important part of communities and that Canada Post is much more than a postal service. It is the sole face of the Canadian federal government in rural and remote areas, as well as small towns. Post offices are community meeting places and often hubs of local activity. In many ways, they provide the infrastructure that communities and businesses need to thrive and grow. In addition, post offices provide stable employment, especially for women in certain regions of the country. Increasingly, they provide access to government services. The potential to assist in other areas is significant. For example, Canada Post could help bridge the digital divide between rural and urban areas and the rich and the poor in our country by offering high-speed internet services and affordable cell phone packages. It could also help the government show leadership on the environment and climate change by working with federal representatives to build charging station infrastructure all across the country, creating a legacy for years to come.

In addition to valuing rural post offices, Canadians have actively expressed their appreciation of urban retail outlets and postal plants as well. When Canada Post decided to review its national network (including mail-processing centres) in 2005, about 800 municipalities passed resolutions opposing the closure of the Quebec City plant and other potential closures. In response, the Conservatives agreed in 2006 to continue the moratorium but failed to live up to commitments to stop the Quebec City plant closure.

### **Previous Reviews of Canada Post**

The 1989 Postal Service Review Committee expressed its deep concern about changes to rural postal service and noted that Canada Post had acknowledged that savings to date “have not been material.”<sup>7</sup> It indicated that the corporation could modify its plans without an adverse affect on its goal of financial self-sufficiency.

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<sup>6</sup> Ed Broadbent, New Democratic Party Leader, Letter to Darrell Tingley, 1<sup>st</sup> National Vice President, CUPW, December 8, 1987

<sup>7</sup> Postal Services Review Committee, *Recommendations to Canada Post Corporation Regarding its Proposed January 1990 Changes to Regulations*, November 1989, p. 21

The Canada Post Mandate Review, which reported in 1996, recommended that the government maintain its moratorium on closures and that it direct Canada Post to improve, rather than reduce, the quality of service in rural areas, including the establishment of a reasonable delivery standard.<sup>8</sup> It stated that “Cost-cutting cannot be the sole criterion for the decisions of a public sector entity like Canada Post, whose whole reason for existing is founded on its capacity to meet public policy needs. It is a finding of this review that maintaining the network of rural post offices is a crucial and necessary component of Canada Post’s public policy responsibility to contribute to national unity and our nation’s social development.”<sup>9</sup>

The 2008 Canada Post Corporation Strategic Review (CPCSR) called for a review of the moratorium and the adoption of a universal service obligation (USO) that included rural services. The CPCSR recommended that Canada Post's USO be defined in a clear “contract” or “service charter” between the Government of Canada and Canada Post in order to clarify the government’s expectations of our public postal service.<sup>10</sup> On September 12, 2009, the government announced the *Canadian Postal Service Charter*, which included a provision for maintaining the moratorium on the closure of rural post offices. The Charter also stated that the government would review charter provisions every five years to assess the need to adapt to changing requirements. CUPW repeatedly asked the government for details relating to this review, but received no information. It appears that the promised five-year review did not happen.

### **Canadian Post Service Charter needs to be improved**

Since the *Canadian Postal Service Charter* was introduced in 2009, many individuals and groups, including municipalities and postal unions, have raised concerns about transparency, accountability and other issues.

***Moratorium needs to be clarified:*** The moratorium that has been in effect since 1994 protects public post offices in rural and small one-post-office towns. Unfortunately, it appears that Canada Post does not believe the moratorium protects the public nature of post offices. The corporation says each situation will be “determined on a case-by-case basis in consultation with the affected community.”<sup>11</sup> The Charter should make it clear

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<sup>8</sup> George Radwanski, *The Future of Canada Post: Report of the Canada Post Mandate Review*, July 31, 1996, p. 127

<sup>9</sup> Ibid., p. 106

<sup>10</sup> Advisory Panel, *Strategic Review of the Canada Post Corporation: Report of the Advisory Panel to the Minister*, December 2008, pp. 90, 97-98

<sup>11</sup> Michelle Martin, Labour Relations Officer, Canada Post, Email to Cindi, National Union

that post offices and outlets covered by the moratorium will be public offices and not private outlets.

***Canada Post needs to live up to commitment to meet:*** Section 14 of the Charter says that, “At least one month before deciding to permanently close, move or amalgamate corporate post offices, Canada Post will meet with affected customers and communities to jointly explore options and find practical solutions that address customer concerns.”[emphasis added] As a rule, Canada Post puts a notice on a post office door or window to let people know it is considering closing a post office and provides contact information for anyone wishing to provide feedback. Canada Post does not normally “meet” with affected customers or communities to jointly explore options and find practical solutions that address concerns. Canada Post should be instructed to meet with customers and communities.

***Consultation period needs to be extended:*** The Charter says that Canada Post will communicate, either in person or in writing, with affected customers and communities at least one month prior to closing, moving or amalgamating their public post office or changing their method of delivery. The corporation is also expected to explore options that address people’s concerns. One month is not enough. The government should dramatically extend the consultation period.

***Exceptions need to go:*** There are too many exceptions to the moratorium. Communities may face post office closures due to retirement, illness, death, fire or termination of lease, etc. The exceptions should be removed from the Charter.

***List of post offices covered by the moratorium needs to be posted publicly:*** The list of post offices covered by the moratorium has not been made public by Canada Post or the government. This list should be posted in a prominent place on Canada Post’s website.

***Consultation process needs to be made public:*** The process that must be followed when Canada Post closes, moves or amalgamates a public post office or changes the method of delivery has not been made public by Canada Post or the government. This process should be posted in a prominent place on Canada Post’s website.

***Canada Post shouldn’t report on its own performance in meeting Charter expectation:***



This job should be given to an independent Canada Post ombudsperson.

***The public and key stakeholders need to be consulted on the Charter:*** The people who own Canada Post –the public - were never asked what a Canadian Postal Service Charter should say. The government should consult with the public, their elected representatives, postal unions and other major stakeholders to dramatically improve the *Canadian Postal Service Charter*, including developing a reasonable, uniform and democratic process for making changes to the postal and delivery network.

In the run-up to the 2011 election, CUPW asked federal parties for their views on the above issues. The Conservative Party did not respond but all other federal parties agreed, for the most part, with the union's concerns.<sup>12</sup>

**Recommendation:** That the moratorium on post office closures in rural and small communities be continued and that the moratorium be expanded to include urban offices.

**Recommendations:** That the *Canadian Postal Service Charter* and related procedures be improved in the following ways:

- The Charter should make it clear that the moratorium on post office closures in rural and small towns protects the public nature of these offices.
- Canada Post should be instructed to meet with affected customers and communities when considering a closure.
- The consultation period in the Charter should be extended to at least six months.
- The many exceptions in the Charter that allow Canada Post to close a post office covered by moratorium should be removed.
- The list of post offices covered by the moratorium should be posted on Canada Post's website.
- The consultation process that Canada Post uses for changing a delivery method or closing, moving or amalgamating a public post office should be posted on Canada Post's website.
- The Charter should be changed so that an independent Canada Post ombudsperson reports on the corporation's performance in meeting Charter expectations.
- The government should consult with the public, elected representatives, postal unions and other major stakeholders to dramatically improve the *Canadian Postal*

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<sup>12</sup> Canadian Union of Postal Workers, *The Canadian Postal Service Charter – Federal Party Positions*, 2011

*Service Charter*, including developing a reasonable, uniform and democratic process for making changes to the postal and delivery network.