

Canada Post  
Corporate Office  
2701 Riverside Drive  
Ottawa, ON K1A 0B1

Attn : Mrs. Mary Traversy

Ottawa, 18 November 2014

Dear Mrs. Traversy,

I feel compelled to write you this open letter because my answer to the community mailboxes questionnaire can only fail to convey what I really think about Canada Post's Five-point Action Plan.

The first three questions frame the issue and foreclose any possibility of dialogue. Did I know that 10 million Canadians already use community mailboxes? A yes answer admits I have nothing to complain about. How could I be more special than a third of the population? A no answer makes me an ignoramus, whose views can be brushed aside.

And then: has the volume of my mail not gone down and of my parcels not gone up? Well no and yes, but I am sufficiently familiar with the trends and I do get it.

So there, locked in, after just three questions. No point in raising a finger in protest, no point in asserting that the main challenge for Canada Post is not essentially defined by fewer letters and more parcels. So, Canadian public, better be ready for the community boxes because here they come, as undesirable as death and taxes, but probably just as inevitable.

Not so fast, Canada Post. Let me state my actual views.

I will take at face value the assertion that your comprehensive plan aims to meet Canadians' emerging and future postal needs while reducing costs.

That said, I do not accept the characterization that Canada Post's big challenge is that Canadians send and receive less mail while receiving an increasing number of parcels ordered online. Nor do I believe that the five-point action plan offers an effective or efficient strategy in response to that

particular challenge or to other challenges, so far unmentioned by Canada Post, but nevertheless of great import.

Let's start with the letters and parcels issue. We are dealing here with solid physical stuff, not information, with sheets of paper and cardboard boxes rather than bits and bytes. We are not looking at e-post services, not at e-finance services, not at e-commerce services, and not at e-government services, which the UPU (Universal Postal Union) and a good number of Post Offices across the world seem to believe offer the greatest challenge, and opportunity, for today's and tomorrow's postal service.

Of course, these modern services, new ways of living, of conducting business, of communicating, are not unknown to Canadians or to Canada Post. Except that we do not exactly excel at them. Among developed countries, Canada ranks in the middle, not to say the bottom half of the lot.

It's actually Switzerland who has been most innovative. The land of cuckoo clocks and chocolate bars, a country so small and densely populated (200 people per square kilometer, as compared to Canada's 4) that it could conceivably close down Swiss Post and replace it by a "bitteschön, pass the letter/parcel to your neighbour" hand delivery system.

Not only do the Swiss still have a postal service, it offers a full gamut of electronic services and leads the way in the integration of physical and electronic postal services. You want a postal electronic mailbox? How about an electronic stamp or signature? Or hybrid mail (both ways: physical to electronic and electronic to physical)? Interested in electronic notification that a parcel has to be collected or has been delivered? Wish to check online the contents of your mailbox (the paper and cardboard one)? And if you are in business, what about electronic export and customs documents?

In Switzerland, I could have all that, and more.

I will grant you the Internet was not invented by a Canadian (nor by the way, by any Swiss).

But why should Canada Post not be in the forefront? Didn't the telegraph and telephone make their debuts on our shores? Wasn't Marshall McLuhan the herald of our new electronic age? Didn't Canada pioneer the usage of fibre optic networks? Didn't Research in Motion invent the Blackberry? The list goes on because Canadians really understand the need for communication and the ins and outs of information networks. Attribute it to the greatness of our land, the harshness of our climate and the practicality of our minds.

It pains me that the Post Office wants to resolve a paper and cardboard problem with a mixed bag of old hardware and penny pinching. Hard to believe you and your colleagues are living in 2014 and not in 1894.

When you factor in the e-world, a great number of solutions spring to life, even answers to your mail and parcel delivery problems. Tell me in advance what mail I will be receiving in the next five days (you know because it's already in the pipeline) and offer to bundle it up for me at the Post Office, I will gladly come and pick it up on Saturday morning when I go to the Pharmacy. And by the way, I will also select from your display the flyers that I wish to bring home and look at.

But then, it takes imagination as well as courage to invite the future to resolve problems bequeathed by the past.

These of course are larger considerations. The goal of this letter is to state my reaction to Canada Post's Five-point Action Plan, to tell you whether I believe or not that the Post Office will offer a more appropriate (I think the word 'better' would sound hollow in this context) service at a reduced cost, once all these measures have been implemented. I will discuss the 5 points one by one.

### **The Community Mailbox**

The idea must have been born in Greece, Italy or a Southern State like Louisiana where it seldom if ever snows. Has anyone at the Post Office attempted to estimate the social costs of community mailboxes? Maybe not, after all it must be difficult to put a price on the effort an elderly or handicapped Canadian has to make to reach his or her mailbox in February.

Furthermore, I am not sure what assumptions you have made in terms of pick up. The best-case scenario is when everybody empties his or her mail slot every day. Swiss clockwork like. A more worrisome, but very conceivable scenario is that, given the distance and weather, people will pick up only occasionally, say on Friday after work.

I raise these scenarios because the standard community mailbox will have 16 letter/small item slots (i.e. will serve 16 households) and 2 parcel slots (destined to common use). If ever my neighbours should decide to reduce the number of their trips to the mailbox, it would mean that the likelihood a parcel slot becoming available for my next package disappears. In the once a week mail pick up scenario, the parcel slot would, on average, only be available to me every 8 weeks (I believe realistic to assume that my neighbours and I receive a roughly similar number of packages per year).

By the way, I now receive a little more than one parcel per month. And as the Five-Point Action Plan points out, I do expect that number to increase somewhat in future years.

Community Mailboxes also create troublesome practical issues, such as access, location, cleanliness, and snow removal. Canada Post will be taking on a big municipal-level burden that surely it would do better avoiding.

Be as it may. So far, nobody else in the G-7 has taken the decision to follow in Canada's footsteps. In the United States, notwithstanding a sea of red ink, the USPS soldiers on with its commitment to deliver to every address once a day, six days a week. When the USPS announced, in February 2013, that it intended to discontinue its Saturday service (with exceptions) Congress intervened to cover the loss. It took one month for a usually log jammed legislature to take its decision.

Maybe in the USA people still hold on to the ancient notion of national symbols, like the Mounted Police, the CBC, or the Post Office, institutions that sort of bind the country together, that give people the feeling of living in a decent community, that say, you can count on us, no matter how far North, or how far away, you live. Just because you are Canadian.

### **Increasing the cost of the regular stamp**

On the face of it, the measure sounds like an effective measure to reduce the anticipated deficit (whether it materializes or not. Unlike the USPS, Canada Post does not operate at a loss nor have a string of deficits to its record, quite the contrary. The Canada Post Group had a net profit of \$281 million in 2009, a profit of \$443 million in 2010, and a profit of \$127 million (before taxes) in 2012. After the 2011 lock out and a forced settlement of more than \$200m, the Post Office posted a \$327m loss.

Canada Post, however, does face competition. And price increases generally raise the risk of losing market share. It would be a pity to pass the baton to UPS, Purolator and cohorts, especially since they specialize in parcel delivery and concentrate their attention on the big urban markets.

### **Expanding convenience through postal franchises**

I seldom meet a Canada Post employee who is not a mail carrier. That's because most of the post offices in my neighbourhood are in Pharmacies or convenience stores and their employees, not yours, look after me.

The level of service I receive can be sterling (Beverly at Shoppers Drug Mart is terrific) but in too many instances not quite on par. As a recent example, the employee assisting my wife mail a parcel to Toronto insisted that Express Post was the only means available. He later admitted it was the first rate the 'machine' gave him so he assumed it was the only one.

It is well known that Starbucks operates out of Chapters-Indigo (and now Target), Ralph Lauren out of The Bay (along with a host of cosmetic companies), Tiffany's out of Holt Renfrew. All these nested business share one thing: they retain their corporate and managerial identity. Their logo, their décor, their staff. It's a question of image but also, I believe, of good business.

Perhaps this other type of franchise could serve as a model for Canada Post. With enough storefronts located in and around residential areas, there would be no need for Community Mailboxes as I am sure my neighbours and I would prefer the warmth of a Tim Horton's (with the occasional coffee and donut picker-upper) to a walk in the cold.

### **Streamlining Operations**

Machinery certainly provides part of the answer. Better logistics (I do like the minivans) and improved localization are also helpful. Perhaps Canada Post is on the right track here.

But isn't the lack of permeability between physical and electronic mail the main problem? What if Canada Post offered to facsimile any letter it receives and to deliver it at the other end in either electronic or physical form? All of this, of course, in real time as they say. Couldn't Canada Post devote a few of its resources to the definition of this type of service? It could check with the Swiss: maybe this is what they mean by 'hybrid post'.

### **Addressing the cost of labour**

Of course, the inescapable logic of modern business: the greatest profit possible, the fewer employees possible. In North America nowadays, all major corporations seem to adhere strictly to the credo that no profit is too large and no wage too low.

I think it would be a shame and would cause great harm if Canada Post were to join the ranks of labour union busters and wage squeezers.

All in all, it's inept economic policy and reprehensible social policy. Why? As to the economics, look no further than at Henry Ford, the original chap, the

one from Detroit. What is the point, he would ask, of making cars if there is nobody to buy them? An excellent question, which led him to pay his employees enough so that they too could afford one of the vehicles they were manufacturing.

It's a simple equation, where monetary flows and merchandise blend harmoniously, yet it seems forgotten, at least in our times. As to the social costs, what can one say? Of course, there will always be an employee willing to accept a lesser pay. Especially when circumstances give him/her no other choice. Some may even opt to work for nothing. In this regard, I do hope that our young people thoroughly reject the advice the Governor of the Bank of Canada was recently giving them.

If I may summarize: I believe this Five-point Action Plan is shortcoming Canadians. Furthermore, I do not believe it will help Canada Post address its challenges. And I want to register a protest because I believe Canadians have a right to expect better from their Government and their Post Office.

With best regards,

Terrence Lonergan  
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P.S.

I have called this an open letter because I have posted a copy on Unpublished Ottawa's website (<http://unpublishedottawa.com/>)

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