

Since the Post Office became a Crown corporation, it has devoted considerable effort to improving service to large-volume mailers by implementing policies and programs to ensure that postal services are reliable and effective. Such programs are particularly important as developments in the field of electronic communications create new and faster modes of contact between businesses and their customers.

Witnesses suggested a number of ways in which the Corporation could maintain and enhance its relationship with its business customers. NAMMU indicated that several of its members are interested in developing a mechanism for the electronic transfer of funds and suggested that Canada Post could lose significant revenue if it fails to take the opportunity to work with its business customers in developing this technology. Another witness suggested that Canada Post could place more emphasis on its electronic mail services. The linking of the postal and business databases may also provide new business opportunities for the Corporation.

The relationship between Canada Post and its business users is not unlike that between the telecommunications carriers and their customers. For both, as one witness pointed out, there is a "significant reliance on a relatively small group of business customers for a large portion of ... revenues." Since becoming a Crown corporation, Canada Post has spent much time and effort on servicing its major customers in order to ensure that its business revenue base is not eroded. Some would argue, however, that the Corporation's concentration on large-volume mailers has harmed service to small business and households.

The Committee believes that it is important for the Corporation to maintain and enhance its business customer base. We concur with the view that an erosion of this base could lead to higher postal rates for residential and small business users as well as to a decline in universal service. Ultimately, these customers, whose ability to bypass the postal system is limited, would be left to pay an increasing portion of the Post Office's fixed costs. As revenue declined, fewer resources would be available to maintain the infrastructure necessary for universal service.

In the Committee's opinion, Canada Post must continue its drive to improve service to large-volume mailers. If these customers bypass the postal system, everyone will suffer. The Corporation, however, must also be mindful of its commitment to serve residential and small business customers and develop strategies to improve service to these groups. Enhanced service to large-volume mailers does not and should not have to result in reduced service to others. The Committee therefore recommends that:

**Canada Post continue to improve service to large-volume mailers and implement new programs to enhance service to residential and small business customers.**