

The 1985 Report of the Review Committee on the Mandate and Productivity of Canada Post Corporation (the Marchment Report) argued that there was insufficient proof that an expansion of Canada Post's product line into non-postal areas would be profitable for the Corporation. Concern was also expressed that such expansion might lead to unfair competition with the private sector.

We too are not convinced that product line expansion of this kind is warranted. We have received no evidence of its profit potential. The unions and other interest groups assume that such expansion would be profitable but appear to have given little consideration to the investment in staff and facilities that would be necessary.

The Corporation's plan for its retail services does not include the sale of non-postal products in corporate-owned outlets or envisage competition with the private sector in this area. It is clear, however, that the franchising concept, which allows private sector operators to acquire the right to sell postal services in conjunction with other services and products, is accomplishing, indirectly and without any investment risk to the Corporation, what others would like the Corporation to do directly.

Although postal jurisdictions in other countries have long-standing traditions of offering non-postal products for sale, the Committee cannot endorse the introduction of such products and services in Canada Post's corporate outlets. As we argued earlier, the Corporation's comparative strength does not lie in the retailing end of its operations.

Fears were expressed to the Committee that the closure of a corporate Post Office will mean a loss of employment for the community affected and displace the traditional meeting place for rural Canadians. Critics of the conversion policy view the loss of a dedicated Post Office as highly symbolic and representing a degeneration of the social fabric of the community.

While we acknowledge that the local post office often is an important institution within the rural community, we recognize that the Corporation's rural network is costly. We believe that the new retail postal outlets will, over time and with proper monitoring by the Corporation, provide a more than adequate replacement service. We also question the assumption that Canada Post has an obligation to provide and maintain a community meeting place.

Critics of the new policy have also raised questions about security and confidentiality of the mail, and the training of RPO employees. The perceived lack of security of registered mail and parcels is an important issue. Opponents of franchising argue that these items should be handled only by qualified individuals. While the Corporation contends that successful applicants receive extensive, on-site training, anecdotal evidence suggests otherwise.