

We have found that postal administrations in a number of other countries are expected to be commercially viable, even profitable operations. In Australia and New Zealand, for example, postal services make a profit and return a dividend to the government. Such a requirement for Canada Post, then, is not unusual or novel and lends support for a definition of financial self-sufficiency that encourages the Corporation to adopt the fiscal standards of comparably-sized private sector enterprises.

Examining the possible privatization of Canada Post was an important aspect of our study. The Committee heard evidence suggesting that privatization might be appropriate once proper corporate and financial structures were in place and the Corporation had achieved a consistent record of profitability. But we also were told that the Corporation is not yet ready for privatization and will not be for some time. This question will likely require further assessment should the Corporation achieve its target return on equity.

While privatization of the Corporation may be an issue for future consideration, the regulation of postal services is of immediate concern to the Committee. We note the problems encountered by the Postal Services Review Committee (PSRC) in its attempt to review Canada Post's recent rate and service proposals. We are concerned that the PSRC's inability to obtain information from the Corporation prevented it from determining whether postal rates are fair and reasonable and whether the Corporation is competing unfairly by cross-subsidizing its competitive operations from its monopoly services. Unable to fulfill its mandate, the PSRC could neither effectively respond to the public's concerns nor ensure that Canada Post had not abused its monopoly power.

We believe that it is in the public interest to have postal rates and services scrutinized by an independent body with the power to obtain the information it needs to fulfill its mandate. This is crucial where the enterprise subject to review enjoys considerable monopoly power. It is also important as Canada Post attempts to distance itself further from government.

Our recommendations cover several aspects of postal services in Canada. Some deal with specific concerns brought forward by witnesses while others address broader issues. We hope that they will help towards providing better postal services to Canadians in the 1990s and beyond and give direction for a profitable, customer-responsive postal system.