

According to the CCNA, Canada Post claims that the supplement line enables postal workers to insert flyers back into newspapers from which they have become separated. But the CCNA doubted that postal employees actually take the time to reinsert flyers.

If the Corporation is to compete fairly, it must attempt to resolve the conflicts that emerge from its position as both a supplier and competitor. The Committee therefore recommends that:

A comprehensive review be conducted of all postal regulations, policies and guidelines that apply to customers who are also competitors of the Corporation with a view to determining whether they give the Corporation an undue competitive advantage. Those regulations (etc.) that create such an advantage should be revoked or amended.

The requirement calling for the preprinting of the name of the newspaper on advertising supplements inserted into newspapers to be delivered by Canada Post should be abolished.

Both UPS and the Canadian Courier Association hold the view that customs laws give Canada Post a distinct competitive advantage over private carriers in the international movement of packages and envelopes. Unlike its private sector counterparts, Canada Post does not have to provide financial security to Canada Customs for import taxes, is not subject to penalties for customs violations, and is not required to provide customs documentation for each shipment. Moreover, it does not have to provide a secure storage facility for goods pending receipt of a customs clearance.

Theoretically, this places Canada Post in a more favourable cost and delivery position. In practical terms, however, it is unclear to the Committee whether the Corporation actually derives any material advantage from these differing customs requirements. While we are not prepared to recommend changes to the customs law at this time, we believe that this matter should be reviewed if it can be shown that differing customs requirements give Canada Post a significant competitive advantage.

C. Consistency in the Application of Regulations

According to the CCNA, the Corporation is now applying to community newspaper mail rules that were seldom used in the past. In its brief, the CCNA referred to the "thumb and finger" shake test for third-class advertising mail; Canada Post uses this to determine if an advertising supplement inserted into a newspaper will become separated from it under normal postal handling. Although the CCNA decried the rigorous application of the test, its greater concern lay with the inconsistent manner in which it claims the test is applied across the country. The Canadian Magazine Publishers' Association also stressed the importance for postal rules and regulations to be applied uniformly.