

THE CANADIAN INTERNATIONAL MAIL ASSOCIATION

Senate Standing Committee on National Finance

Opening Statement - Review of Bill C-9

Monday, June 5th, 2010

Evan Zelikovitz, Canadian International Mail Association

Good afternoon. My name is Evan Zelikovitz and I am the Secretary and Representative for the Canadian International Mail Association (CIMA).

On behalf of CIMA, I want to thank you Mr. Chairman and Committee members for inviting me here today to discuss this urgent matter. At stake is the imminent collapse and elimination of a 20 plus year old competitive industry made up of hundreds of small businesses and thousands of employees from across the country if this one sentence amendment to the *Canada Post Corporation Act* is not made.

CIMA is a coalition of Canadian companies that participate within Canada's international mail services industry – preparing, designing, translating, sorting, printing and delivering mail (mail weighing 500 grams or less) to destinations outside of Canada. To be clear, the international mail industry does not deliver mail destined for final delivery in Canada. That is the exclusive privilege of Canada Post and this industry respects and supports Canada Post's domestic exclusive privilege.

Mr. Chairman, after more than 20 years of accepting the existence of private international mailers, in 2004 Canada Post brought an application before the Ontario Superior Court, seeking a narrow interpretation of the exclusive privilege provisions of the *Canada Post Corporation Act (CPCA)*, claiming that Canada Post is the only entity that can deliver mail within Canada and to destinations outside of Canada. In legally interpreting the words of the statute, the courts ruled in favour of Canada Post and exercised its discretion to ignore all facts and issues relating to public policy and Canada Post's historical behavior. The job of the court was to only interpret the words of the legislation.

Mr Chairman, while CIMA respects the role of the courts, we believe it is the role of Parliament to rule on what the *Act* intended to do. And respectfully, we find it hard to believe that Parliamentarians meant to kill Canadian jobs – the very same jobs that

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Canada Post allowed and acknowledged for over 20 years. This issue is really about public policy, competition and fairness.

Mr. Chairman, it is important to note that even Canada Post acknowledged and accepted this industry by stating specifically in its own publication as far back as 1988 that, "Outbound mail is not protected by exclusive privilege, which leaves this lucrative business open to a new threat – aggressive competition from international mail companies." I believe the Committee members have been provided with copies of this Canada Post publication. This simply cannot be ignored. For an international mail company to read this statement more than 20 years ago it would clearly suggest that such business activity is accepted in Canada.

Mr. Chairman, more recently the legitimacy of this industry was also confirmed by the independent CPC Strategic Review Advisory Panel's report presented to the Government and made public in April 2009.

Following an extensive public consultation and review in 2008, the Advisory Panel recommended neither a general deregulation of the postal market, nor a reduction in the existing level of Canada Post's exclusive privilege. Yet it still recommended the maintaining of the private international mail market in Canada as the lone exception. Outbound international mail was the ONLY market specifically identified in this manner. Recommendation #10 of the Panel's report stated, "The Advisory Panel recommends that outbound international mail be open to competition, as has been the practice (if not the law) in Canada..."

So who will benefit after our industry is shut down? It will not be CUPW or rural mail service, as our industry has had no negative impact on CUPW jobs. On two separate occasions during testimony before Parliament over the past few years, one as recently as a month and a half ago, CUPW stated on record in response to direct questions before the House Finance Committee that they have never seen a decrease in jobs as a result of this industry. Both the House of Commons and now the Senate have heard Canada Post itself state that it does not believe that the existence of this industry will have any impact on Canada Post's ability to provide universal postal service. In fact, Canada Post has been clear in noting that it is quite prepared to compete more vigorously within the international mail industry. I would note that Canada Post has been offering some very competitive international rates in certain parts of the country.

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That's fine with this industry – it's called competition and we welcome that. Such competition will be good for all Canadians.

Mr. Chairman, for more than two decades this industry has been operating in Canada and no one in the industry ever received a complaint from CUPW until this matter became more public in 2006. Now all of the sudden they have stepped forward claiming that this small, competitive industry will be the demise of a multi-billion dollar Canada Post and rural mail and universal postal service and that this industry is attempting to all of the sudden erode Canada Post's exclusive privilege. We are doing no such thing. The independent CPC Strategic Review Advisory Panel agrees with us. We are fighting to maintain the status quo. Mr. Chairman, the only job losses that are and will continue to occur are from the small businesses that operate in this industry throughout Canada.

Mr. Chairman, we are not here asking for something new. We don't want any special treatment. We are asking for the ability to maintain our businesses and protect the livelihoods of our employees and maintain a competitive edge for Canada that brings foreign investment into this country.

There is plenty of room in Canada for both private companies and Canada Post to compete in this market, as is the case in most other countries around the world and which has been the case here for over 20 years.

To this end, we respectfully encourage this Committee to support Part 15 of Bill C-9. Let Canadian businesses compete in the international markets and let everyone win by keeping the jobs here in Canada instead of seeing them leave this country to the benefit of nobody.

I want to thank you for the opportunity to appear before this Committee and I would be happy to answer any questions you might have.

Mr. Robert Elliott, President, Canadian Printing Industries Association

Mr. Chairman, Committee members - good Afternoon and thank you for inviting me here today as part of your review of Bill C-9, the Jobs and Economic Growth Act. My name is Bob Elliott and I am President of the Canadian Printing Industries Association.

The Canadian Printing Industries Association represents over 7,200 printing establishments that employ some 65,500+ Canadians. Not all printing establishments in Canada participate within the international mail industry in Canada. But there are a significant number of printing companies that are involved in this industry, many of whom have been significantly impacted over this situation and who will see their business operations further threatened if this minor amendment is not accepted. The need for this amendment has significant implications for Canadian printers and allied industries who produce a wide variety of products such as advertising material, envelopes, and more, for Canadian and international customers, and then bulk ship this material predominantly to the U.S. or some other foreign destination.

Mr. Chairman, my comments are specific to Part 15 of Bill C-9, dealing with a one sentence amendment to the *Canada Post Corporation Act*, which will enable a competitive and long-standing industry made up predominantly of small and medium sized Canadian businesses, to continue doing what they have been doing for more than 25 years. This is not about some new industry attempting to just enter the Canadian market. This is also not about diminishing Canada Post's domestic exclusive privilege or its ability to provide universal postal service. This small, one sentence amendment does absolutely nothing more than maintain the status quo of the past 20+ years. And all during this time while the international mail industry has competed openly and transparently in Canada, Canada Post has continued successfully to provide universal postal service throughout Canada. Because this one amendment to the *Canada Post Corporation Act* adds NO new or additional powers to anyone in the international mail industry or any industry for that matter, Canada Post and CUPW and all other relevant stakeholders will continue to operate no differently than they have over the past two decades.

Canadian printers and remail companies have already seen a significant decrease in business given this industry's uncertainty over the past few years. Without this amendment these companies stand to lose even more business as their customers are and will continue take their business to another country. The economic contribution to Canada will be lost and Canada Post will not reap the benefit. No one will win – not Canada Post, not our small businesses and not the Canadian economy.

Mr. Chairman, this amendment to the *Canada Post Corporation Act* is indeed all about jobs and economic growth. Following the passage of Bill C-9, thousands of Canadian jobs will be secured and the benefits that the Canadian economy has realized from the activities of this industry will solidify and grow.

In short, Mr. Chairman, the Canadian printing industry is in full support of Part 15 of Bill C-9. Thank you and I would be happy to answer any questions you might have.

Mr. Barry Sikora, General Manager, Classic Impressions Inc.

Mr. Chairman and Committee members, thank you for having me here today. I'm starting to think of Ottawa as my second home as this is my second time in two and a half months that I have traveled from Vancouver to appear before a government standing committee. I even cut my Canada Day weekend short to travel from Vancouver yesterday because that's how important this matter is to me, my family, my employees, my business and the entire industry.

My company, Classic Impressions is a small, independent Canadian owned and operated printing & packaging company operating in British Columbia. Before problems began with Canada Post approximately 5 years ago, my company employed 31 people. Now, because of this situation, we are down to 17 employees. Many of our customers have left us and they have not gone to Canada Post for their foreign mail delivery needs. They have taken their business out of Canada to another country and they have forced our industry to lay off long-time employees. With this lost revenue has come lost economic activity for Canada.

A significant part of our business is the printing of envelopes and letters for letter shops who then prepare these materials for delivery outside Canada. While my company does not specifically deliver mail from Canada to a foreign destination, my company and many others like mine are an integral part of this competitive industry. As an example, Mr. Mark Weeks from International Direct Response Services (IDRS), is with us via video conference from Vancouver, B.C. Mr. Weeks and I have been doing business together for a long time – my company prints envelopes for IDRS who then prepare materials for their clients for delivery outside of Canada. To be clear we are not just entering this industry because of some newfound opportunity. We are not some fly-by-night operations looking to make a quick buck or take advantage of the system. We have been operating for a very long time – employing Canadians, paying taxes, competing with Canada Post and doing it fairly and transparently.

The international mail industry in Canada consists of hundreds of small to medium sized letter shops, mailhouses, printers, direct marketers, graphic

designers, envelope manufacturers, transport companies and international mailers who employ thousands of hard working Canadians and contribute significantly to the Canadian economy. To be clear, this is not just about 5 or 6 companies or a few hundred employees.

It is important for the Committee to understand that during the past 25+ years while this industry has operated in Canada, Canada Post has continued to successfully provide universal postal service. There was no crisis. Our industry has not stopped this important mandate from happening. Moreover, Canada Post experienced significant profits for more than 12 consecutive years in the early 1990s and throughout most of the 2000s, all while this industry was operating in Canada.

Mr. Chairman, how could it have been the intent of Parliament, when it established the *Canada Post Corporation Act*, to allow small businesses like mine to start up in Canada, employ thousands of Canadians, invest in the economy, with the full knowledge and acceptance of Canada Post, only to have Canada Post come along, go to the courts and say, thanks for building up this market but sorry, you need to stop operating immediately, with the hope of driving all of this business to them, which has not and will not happen. That is why this Government introduced Bill C-14 in 2007 and then again with C-44 in June 2009 and now as part of C-9.

Mr. Chairman, this is really about common sense and fairness. This has nothing to do with diminishing exclusive privilege or the ability to provide universal postal service or rural mail service in Canada. It hasn't been about any of these issues for the past two decades while we have been operating. So why, all of the sudden is this one sentence going to completely disrupt and dismantle our entire postal industry and postal authority. The reality is that it will not.

We welcome the opportunity to continue to compete and operate side-by-side a much larger Canada Post, which will be good for all involved and good for the Canadian economy. Mr. Chairman if this small amendment is not passed this business will continue to leave our country along with many more jobs. Thank you Mr. Chairman for giving me the opportunity to speak here today.

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Mark Weeks, International Direct Response Services (IDRS)

Good afternoon. My name is Mark Weeks and I am the General Manager of International Direct Response Services (IDRS). Thank you for hearing from me today. Unfortunately I was not able to travel to Ottawa to appear before you in person so I appreciate the Committee providing me the opportunity to appear via video teleconference.

My opening remarks will be very brief. For those of you who may not have a full understanding of what our businesses do and how we operate, I welcome the opportunity to answer any questions you might have and take you through some specific examples of the type of work that we do here in Canada.

IDRS is a Canadian-based direct mailing company, mail service provider, lettershop and fulfillment house. IDRS was established in 1989. As well as being a member of the Canadian International Mail Association, IDRS is a member of the Canadian Direct Marketing Association. IDRS has been providing leading-edge direct marketing and direct mailing services and solutions in Canada for Canadian and foreign customers for more than 20 years.

The one sentence amendment to the *Canada Post Corporation Act*, that is part of Bill C-9 will do nothing more than clarify and substantiate what this industry has been doing openly in Canada for more than two decades – nothing more, nothing less.

Mr. Chairman, CIMA and its members have been involved in discussions relating to this matter for over five years now with government and industry stakeholders and have been overwhelmed by the support we have received from the vast majority of Parliamentarians, and from numerous national and regional business groups representing a variety of industries right across the country, including the

Canadian Federation of Independent Business, the Canadian Printing Industries Association, who is with us here today, and various Boards of Trade and Chambers of Commerce. I have personally participated in meetings with the Transport Canada, Crown Corporation Secretariat in Ottawa and I also met in person with the independent Canada Post Strategic Review Advisory Panel during their comprehensive consultations in 2008. IDRS and other companies involved in this industry have made efforts to be transparent and to provide as much information as possible so that all relevant stakeholders and decision-makers understand the value this industry brings to Canada.

Mr. Chairman, if our customers lose their conduit to mail their international pieces, most will leave Canada, and take their business with them - to a U.S. printer – a British letter shop - to another international mail company. They won't take their business to Canada Post. And in the course of shutting us down, Canada Post will also lose the revenue they presently receive from us from the mail that our clients have destined for Canada. Furthermore, IDRS has used Canada Post for foreign delivery for our customers when Canada Post's international rates are competitive compared to other private international remail companies in Canada. We have no problem working together with Canada Post if it is cost effective and makes sense for our business and our clients. But if this legislation is not passed, the majority of our customers will simply take their business out of Canada and no one in Canada will benefit from that.

Mr. Chairman, I would be happy to respond to any questions the Committee might have and thank you for allowing me to testify before you today.