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CANADA

CANADA'S POSTAL SERVICE: A LIFELINE FOR RURAL AND REMOTE COMMUNITIES

**Report of the Standing Committee on Government
Operations and Estimates**

Kelly McCauley, Chair

**DECEMBER 2024
44th PARLIAMENT, 1st SESSION**

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Chair**

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NOTICE TO READER

Reports from committees presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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THE STANDING COMMITTEE ON GOVERNMENT OPERATIONS AND ESTIMATES

has the honour to present its

TWENTY-SECOND REPORT

Pursuant to its mandate under Standing Order 108(2), the committee has studied postal service in Canada's rural and remote communities and has agreed to report the following:

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LIST OF RECOMMENDATIONS

As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.

Recommendation 1

That the Government of Canada work collaboratively with Canada Post toward the timely approval of its corporate plan to safeguard the corporation’s future. 15

Recommendation 2

That Canada Post ensure that any measures taken to modernize its operations remain financially self-sustainable for the sake of Canadians and aligned with its core purpose of providing high-quality, affordable postal delivery services to all Canadians. 16

Recommendation 3

That, to ensure that resources are appropriately allocated to maintain postal services in each type of community, the Government of Canada, Canada Post and postal unions adopt common definitions of “urban,” “rural,” “remote,” “isolated” and “northern” communities based on the most recent demographic data, such as Statistics Canada’s index of remoteness; and that the government consequently update its 1994 moratorium on post office closures. 16

Recommendation 4

That the Government of Canada, in collaboration with Canada Post and postal unions, review the Canadian Postal Service Charter as soon as possible to reflect changes in the postal service ecosystem since it was last updated in 2009 and to better align it with the current realities of rural and remote communities, with the aim of ensuring that the Service Charter guarantees the protection of postal services for rural communities. 16

Recommendation 5

That Canada Post consult with communities where there is a shortage of post offices or post office boxes to find solutions as to where these services could be located. 16

Recommendation 6

That the Government of Canada work with Canada Post to modernize its regulatory framework with the aim of improving its services to the public and growing its revenue base; and that the government engage in meaningful consultation with the public and unions representing postal workers throughout this process and prior to mandating any changes. 16

Recommendation 7

That the Government of Canada, Canada Post and postal unions review the postmaster-provided model for rural post offices to address the needs of these communities and ensure equitable service delivery. 16

Recommendation 8

That the Government of Canada urge Canada Post to improve the retention and recruitment of rural postmasters and other employees working in rural and remote offices by ensuring that they are fairly compensated and that sufficient resources are allocated for the operations of rural post offices, recognizing that some are paying out of pocket for operating expenses. 17

Recommendation 9

That, given that postal services are vital to the quality of life in Canada’s rural and remote communities, the Government of Canada develop a plan, in collaboration with Canada Post and postal unions, to enhance revenue by expanding the range of services offered in rural and remote locations. 17

Recommendation 10

That Canada Post uphold its unique responsibilities to Indigenous communities by providing reliable, accessible postal services; and that in upholding these responsibilities, Canada Post comply with its obligations under the Calls to Action of the Truth and Reconciliation Commission. 17



CANADA'S POSTAL SERVICE: A LIFELINE FOR RURAL AND REMOTE COMMUNITIES

INTRODUCTION

The post office was one of the first federal departments created at Confederation, beginning its operations on 1 April 1868. The government granted the postal services organization greater autonomy and operational flexibility by converting it into a Crown corporation in the 1980s. Today, the [Canada Post Corporation](#) (Canada Post) employs almost 70,000 people across the country, delivering approximately 6.5 billion letters and parcels to 17.4 million addresses in 2023. It is mandated to provide service to all Canadian addresses, including those in rural and remote communities, while maintaining financial self-sufficiency.

In recent years, Canada Post has been facing significant hurdles. According to its 2023 Annual Report, the corporation has accumulated losses totalling \$3 billion between 2018 and 2023, which it attributes in part to “rapid changes in the postal and parcel delivery sectors and legacy regulatory measures that impede the company’s ability to evolve and compete.”¹ Canada Post, which anticipates further losses in the future if significant changes are not implemented, also notes that “[w]ithout additional borrowing and refinancing, [it expects] to fall below [its] required operating and reserve cash requirements by early 2025.”²

Members of the House of Commons Standing Committee on Government Operations and Estimates (the committee) recognize that Canada Post’s financial situation, combined with Canada’s changing demographics, have affected the corporation’s ability to provide postal services to rural and remote communities. In its annual report, the corporation itself wrote that “[t]he significant challenges threatening Canada Post are also a threat to rural and remote communities” who are more dependent on its services than urban communities.³

On 5 February 2024, the committee adopted the following [motion](#):

1 Canada Post Corporation (Canada Post), [2023 Annual Report](#), p. 9.

2 Ibid., p. 10.

3 Ibid., p. 24.



That the committee undertake a study on the loss of postal service in Canada's rural and remote communities; that at least eight hours of witness testimony be dedicated to the topic; that the Committee invite the CEO of Canada Post, President of CPAA [Canadian Postmasters and Assistants Association], the Deputy Minister of Public Services and Procurement, and any other witnesses the Committee deems necessary.

The motion also called on the committee to present its findings and recommendations to the House of Commons and to request a comprehensive response from the government.

The committee held four meetings as part of this study, receiving testimony from Canada Post and Public Services and Procurement Canada (PSPC), as well as the Canadian Union of Postal Workers (CUPW) and Canadian Postmasters and Assistants Association (CPAA). Together, these unions represent postmasters, assistants, mail carriers, postal clerks and other workers, both at Canada Post and in the private sector, including those in rural post offices. The committee also heard from John Anderson, an author and trade union researcher, who appeared as an individual.

Importance of the Postal Service for Rural and Remote Communities

Witnesses highlighted the importance of the postal service in Canada's rural and remote communities. According to [Alexandre Brisson](#), Vice-President of Operations and Engineering at Canada Post, the corporation currently operates 3,211 post offices in rural communities: "This is 633 more post offices than in urban areas." The committee [heard](#) how the postal service is a lifeline for these communities, which often lack direct access to essential goods and services. Dwayne Jones, National President of CPAA, [noted](#) that many rural post offices are in locations without road access, so "the options for sending and receiving necessities of life are much more limited."

Mr. Brisson and Jan Simpson, National President of CUPW, [both explained](#) that their private-sector competitors often do not serve these communities because the costs outweigh the benefits. In fact, they [both indicated](#) that Canada Post's competitors often rely on the Crown corporation for last-mile deliveries in rural and remote areas of the country.⁴

Ms. Simpson [stated](#), however, that the importance of rural postal services goes beyond the delivery of mail: "In rural and remote areas where traditional infrastructure might be lacking, the postal service plays an invaluable role, connecting communities, fostering equity and inclusion, and driving local economies." According to [Ms. Simpson](#) and

4 The concept of "last-mile delivery" refers to the last segment of a parcel's journey in the postal system.

Mr. Jones, the post office is also a national symbol (“an affirmation of our commitment to one another as citizens of Canada”), sometimes being the only physical presence of the federal government in rural and remote communities. Moreover, the committee was told that postal services create upwards of 10,000 jobs in rural areas and enable local businesses to grow, sustaining economic development in remote parts of Canada.

The Canada Post Corporation and its Oversight

Together with the Canadian Postal Service Charter (the Service Charter), the Canada Post Corporation Act sets out the corporation’s mandate and service expectations, such as Canada Post’s universal service obligation.⁵ Although the Service Charter is subject to review every five years, Lorenzo Ieraci, Assistant Deputy Minister at PSPC, indicated that it has not changed since it was first established in 2009.

Canada Post is a Crown corporation operating at arm’s length from the government. It reports to Parliament through the Minister of Public Services and Procurement, who is responsible “for providing guidance and oversight to ensure that the overall direction of Canada Post aligns with the government’s policies and objectives.” Mr. Ieraci said that, while PSPC “does not have direct authority over Crown corporations, [it does] play a role in policy coordination and coherence in the activities and reporting of the corporations.”

Notably, the Minister provides an annual letter of expectation to the head of Canada Post. Mr. Ieraci explained that the most recent letter of expectation reiterated Service Charter obligations and stated “that it was the role of the board of directors to hold management to account to that effect.” Another role played by the government relates to lettermail rate increases. Doug Ettinger, President and Chief Executive Officer of Canada Post, explained that rates are “controlled by the government and by [Governor-in-Council] approval.”

Although financially self-sufficient, Canada Post receives a yearly \$22-million appropriation voted by Parliament to offset the costs of government mail (Canadians can send letters free of charge to certain government officials, such as parliamentarians) and mailing of materials for the use of people who are blind. Plus, Mr. Ieraci said that, “as a Crown corporation, Canada Post receives financial support from the Government of Canada

5 Canada Post’s universal service obligation is defined in section 1 of the Canadian Postal Service Charter: “Canada Post will maintain a postal system that allows individuals and businesses in Canada to send and receive mail within Canada and between Canada and elsewhere. Canada Post will provide a service for the collection, transmission and delivery of letters, parcels and publications.” Section 2 of the Service Charter further states that “[t]he provision of postal services to rural regions of the country is an integral part of Canada Post’s universal service.”



when it cannot finance its activities. The loans it receives come from the Government of Canada.”

Changing Competitive Landscape

Canada Post has been facing a changing competitive landscape for almost two decades, with its most profitable business line – lettermail – declining in popularity since peaking in 2006, when it delivered 5.5 billion letters. However, Mr. Ettinger [told](#) the committee that changes are also affecting the corporation’s other main business line: “[T]he parcel delivery market has become hyper competitive... As a result, our parcel delivery market share has been cut by more than half since 2019.” According to its annual report, Canada Post’s market share in parcel delivery went from 62% in 2019 to 29% in 2023.⁶

Mr. Brisson [explained](#) that such changes to the competitive landscape are a reason why Canada Post adopted a transformation plan:

There's a tremendous amount of competition, and it pushes us to transform the way we serve Canadians. We would say expectations have changed. That's why we talk about a transformation plan. ... We're a machine that was built for letter mail delivery; we're now in the middle of a big parcel market, and we have to change.

The competitive landscape has been deeply disrupted in recent years, and Canada Post must adapt to these changes. As Mr. Ettinger [put it](#), “we are driving a 1967 Chevy in a Formula One race. That's where we are right now. We're tenacious and we have lots of new parts in the car, but it's a tough one.”

CHALLENGES TO RURAL AND REMOTE SERVICE

In its annual report, Canada Post makes it clear that “significant change is necessary to modernize and preserve our national postal service.”⁷ According to [Mr. Ettinger](#), it is “crystal clear that the postal service is facing major challenges financially and operationally.” Many such challenges affect all of Canada Post’s operations, but have an especially large impact on rural and remote communities. The following section looks at the testimony heard by the committee regarding these challenges insofar as they affect Canada Post’s ability to serve rural and remote areas.

6 Canada Post, [2023 Annual Report](#), p. 19.

7 *Ibid.*, p. 6.

Business Model and Profitability

The committee heard that Canada Post's business model poses the following obstacles for rural and remote operations:

- there are limited facilities for post offices and postal boxes in remote areas (for instance, Manon Fortin, Chief Operating Officer at Canada Post, noted that postal boxes could be procured for the office in Kuujjuaq where there is a shortage, but Canada Post needs to look at solutions for where to put them due to limited space);
- the existing business model is outdated (Mr. Ettinger said that “[Canada Post’s] operating model was built back in the day—really in the last century. That sounds a little dramatic, but it was built for a paper-based economy—almost pre-Internet—and that is holding us back”);
- it is harder to attract and retain workers in rural areas; and
- demographic changes, including the growing number of addresses, are exacerbating the financial strain on Canada Post.

The committee also heard from union leaders representing postal workers that, despite “slight increases” over time, salaries for these workers have not kept up with inflation. They also mentioned that there is a high turnover for temporary employees due to the lower starting wage, lack of benefits and pensions, and insecure hours. According to documentation sent by Canada Post, rates of pay (as of January 2023) for postmasters hired on or after August 2015 range from \$18.44 to \$30.02 per hour, based on factors including the size of community and volume of parcels. This is in addition to the leasing allowance to supply the premises. According to Mr. Jones, “[a] lot of times, [postmasters] find that leasing allowance doesn't support the full cost of operating the post office... [so they] are paying out of pocket in order for the post office to be maintained.”

1994 Moratorium and Closure of Rural Post Offices

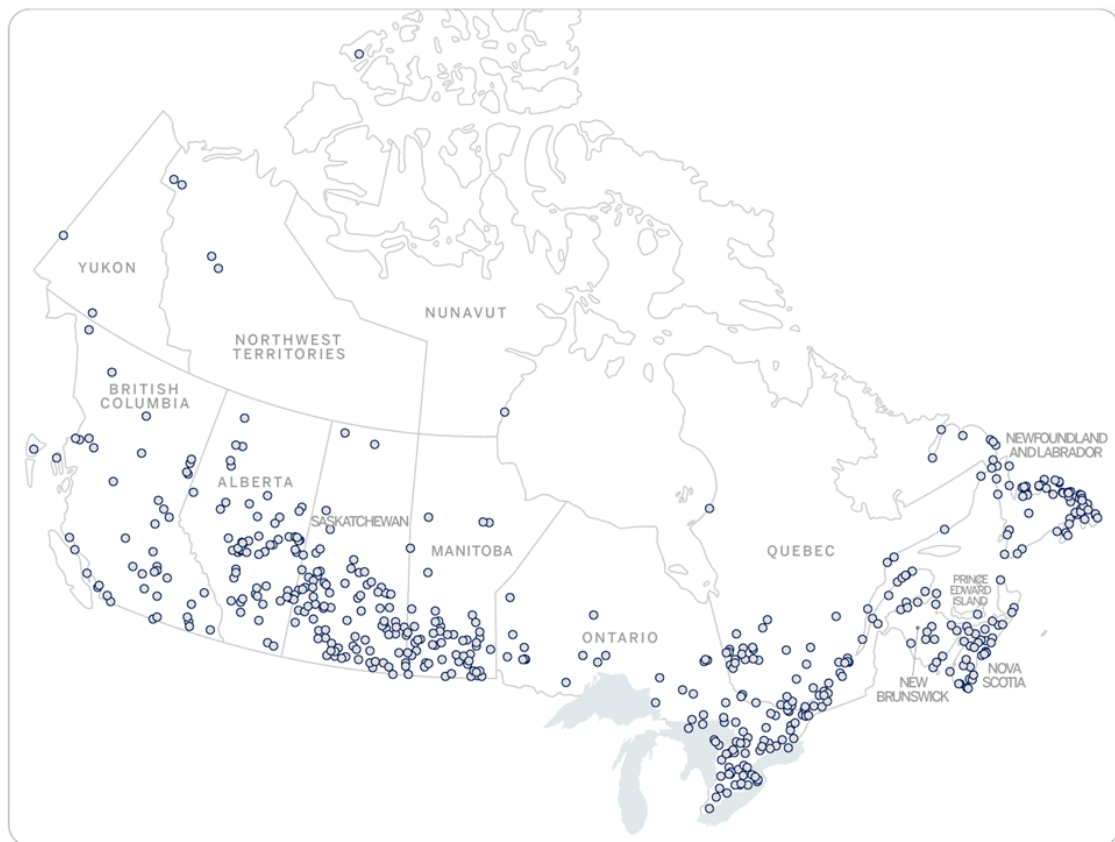
According to a 2014 survey conducted by Mr. Anderson, Canada Post had closed over 1,700 rural post offices since the early 1980s. His survey also found that some of these post offices had been replaced by franchises, but most communities were left with no postal outlet. In 1994, the federal government imposed a moratorium on the closure of rural post offices. The moratorium listed 3,962 post offices; Mr. Ettinger confirmed that the list was created by the federal government, not by Canada Post. Data provided by



Canada Post showed that, despite the moratorium, 516 post offices have since closed (see Figure 1 below). This data shows that the highest number of closures happened in Ontario (88), Saskatchewan (86) and Newfoundland and Labrador (67).

Figure 1 – Post Offices on the Moratorium List that have been Closed since 1994

Post Offices on the Moratorium List That Have Been Closed Since 1994



1:40,000,000

Canada Lambert Conformal Conic projection, NAD83

Sources: Map prepared in 2024, using data obtained from Canada Post, *PDF document on the locations of rural post offices closed since 1994*, provided to the House of Commons Standing Committee on Government Operations and Estimates, May 2024; and Natural Resources Canada (NRCan), *Administrative Boundaries in Canada - CanVec Series - Administrative Features*, 1:15M and 1:5M, 2019. The following software was used: Esri, ArcGIS Pro, version 3.3.1. Contains information licensed under the [Open Government Licence – Canada](#).

According to the Service Charter, “[s]ituations affecting Canada Post personnel (e.g., retirement, illness, death, etc.) or Canada Post infrastructure (e.g., fire or termination of

lease, etc.) may... affect the ongoing operation of a post office,” despite the moratorium. For instance, Mr. Brisson [explained](#) that “when a postmaster retires or leaves their position in a rural, remote or northern community, it can be very difficult to find a replacement.” This may result in the closure of a post office, even if it is on the moratorium list.

In 2016, the committee wrote a comprehensive report on the way forward for Canada Post. With respect to the 1994 moratorium, the committee stated the following: “The moratorium on the closure of rural post offices needs to be reviewed in light of the changing population growth. However, the committee heard time and again that the moratorium on the closure of rural post offices is beneficial for social and economic cohesion of rural and remote areas.”⁸

With respect to demographic changes, [Mr. Ieraci](#), [Michael Yee](#), Vice-President of Retail and Financial Services at Canada Post, and [Mr. Ettinger](#) all pointed out that rural Canada has changed a lot over the last 30 years and, as a result, some communities that would have been considered “rural” in 1994 may have urbanized since then (Mr. Ettinger named Stittsville, Richmond Hill and Milton, all in Ontario, as examples of communities listed in the moratorium which are now urban or suburban areas). According to [Mr. Ettinger](#), the parameters of the moratorium do not provide Canada Post with the flexibility required to adapt to such changes and to allocate “the right resources out to the rural areas where we need it even more.”

In its 2016 report, the committee recommended that a demographic analysis be done to ensure the moratorium applies to actual rural communities. In a recent written response, Canada Post stated that “[t]he Government of Canada has maintained the Service Charter as it was first enacted, and the rural moratorium remains unchanged.” It is unclear whether the demographic analysis recommended by the committee was ever done by the government or Canada Post.

In its annual report, Canada Post argued that “it’s time to update the regulatory requirements put in place in 1994 that cover rural post offices to ensure they reflect the last 30 years of urban sprawl. Today, these requirements apply to many communities that were once rural but are now clearly suburban with more service options nearby.”⁹

Three decades later, it seems the moratorium might have had unintended consequences: by imposing inflexible parameters on the Corporation, it may have exacerbated the

8 OGGO, [The Way Forward for Canada Post](#), December 2016, p. 100.

9 Canada Post Corporation, [2023 Annual Report](#), p. 14.



problems it set out to resolve by preventing Canada Post from allocating resources to rural and remote communities that need it the most. The fact that 516 post offices from the moratorium list have been closed since 1994 also puts into question whether it remains the right approach to maintain postal services in rural and remote areas.

Climate Change and Severe Weather Events

In addition, the committee heard about interruptions resulting from severe weather events. In a written response, Canada Post confirmed that 122 communities experienced a service interruption due to wildfires or flooding in 2023. Mr. Brisson [confirmed](#) that the frequency of such events has been increasing: “[W]e see the impact of climate change in Canada in different ways... The forest fires [in 2023] are probably a prime example for us.”

Mr. Brisson [added](#) that Canada Post is “investing a tremendous amount of time in developing contingency plans and having opportunities for temporary post offices to serve some of the areas where people had to move after leaving their homes behind.” In 2022, a large trailer was deployed in Lytton, British Columbia, to serve as a full-service post office during a service interruption. According to [Mr. Yee](#), “with the climate issues in Nova Scotia as well, there could be a stronger need to have a more readily available fleet or a deployable capacity.”

Possible Solutions and Promising Practices

The committee also heard about possible solutions and promising practices to help Canada Post adapt to challenges and changes.

New Models for Rural Post Offices

Canada Post currently operates [community hubs](#) in Little Current, Ontario, Membertou, Nova Scotia, High Prairie, Alberta and Fort Qu’Appelle, Saskatchewan. These community hubs serve as a post office, but they also offer:

- money services (ATMs, money transfers);
- business supplies, computer workstation, printing, shredding;
- electric vehicle charging;
- rentable meeting rooms; and

- access to local business and community information.

According to [Mr. Ieraci](#),

Canada Post undertook a number of community hubs on a pilot basis in order to be able to see, one, whether they bring benefits to the local communities, including [I]ndigenous communities, and two, to be able to test out their business model in terms of the costs of operating these hubs and whether their level of revenue or return on investment is different from what a traditional post office would provide.

Additionally, Mr. Jones [noted](#) that the community hub model can help avoid using a one-size-fits-all approach in all rural and remote communities: there is a need to “look at each community individually when it's looking at the overall approach. You can have similarities, but the cookie-cutter approach is not necessarily going to work with every community. It has to be flexible enough to pivot to be able to adapt that to each.”

[Ms. Simpson](#), [Mr. Jones](#) and [Mr. Anderson](#) all said that rural post offices could also help fill the financial gaps by reintroducing postal banking. In its 2016 report, the committee considered postal banking and “concluded that Canada Post did its due diligence in reviewing the possibility of postal banking and that their conclusion to not pursue it further, but focus on its core competencies, was a reasonable decision.”¹⁰

Mr. Anderson argued that, in addition to creating a revenue stream, implementing postal banking would fill a gap in banking availability in rural and remote areas. He pointed out that postal banking has been successfully introduced in over 100 countries, with over 84% of postal services worldwide offering financial services. Mr. Anderson also [noted that](#) postal banking could be implemented gradually across different regions and with a growing number of financial services over time. He [added that](#) post offices and the federal government already have the appropriate infrastructure, staff and software, as well expertise in providing secure financial services, which could be leveraged to support the scale-up of postal financial services.

Lessons Learned from Other Jurisdictions

Postal services in other countries are facing similar challenges to Canada Post.

Mr. Ieraci [said](#):

There is a decline in letter mail that's happening across the board, and basically all postal services around the world are facing similar challenges with decreasing letter mail, which results in decreasing revenues and an increasing number of points where

10 OGGO, [The Way Forward for Canada Post](#), December 2016, p. 107.



they have to be able to deliver, which raises some fundamental concerns. Many other jurisdictions have taken the route of providing financial assistance to their postal services or postal carriers.

According to [Eugene Gourevitch](#), Director, Performance and Impact Analysis, PSPC, more than half of the 192 member countries of the Universal Postal Union now subsidize their postal services to ensure universal service. He also [noted](#) the following:

[P]osts across the world were provided an exclusive privilege, a monopoly, to deliver letter mail. As letter mail continues to decline, that source of funding will be insufficient to maintain the universal service that exists today. As postal services transition from a message-based delivery system to one that's focused on goods, on logistics, on parcels, we need to ask ourselves as a government what universal service means today.

Mr. Ettinger [told](#) the committee that he is in contact with his Australian counterpart: “I’ll just say that in their country, they’ve been able to get a little more flexibility around their operating model – their delivery model.” He later [added](#): “They’re able to develop a pricing structure, with their government, that works quite well to generate funding so that they can have the funding to turn around the company.”

Mr. Ettinger also [stated](#) that:

In terms of pricing, if you look at other markets around the world, the [United Kingdom], Australia, France and even the United States have been able to work out a pricing approach based on a calculation that incorporates inflation, costs and what else is going on in the economy, the market and so on. We’ve had two price increases in the last decade, and we’ve had none in the last four years. Therefore, we need that funding in order to support the turnaround strategy we’re trying to execute with the rest of the organization. That gets into investments in electric vehicles or in centralized mailboxes, which you raised.

As noted above, rate increases for lettermail in Canada need to be approved by the Governor in Council. Canada Post, however, can determine its rates for parcels.

Reconciliation with Indigenous Peoples

In Canada, many Indigenous communities are in rural and/or remote areas of the country. As [noted](#) by Mr. Jones:

We should also remember Canada's commitment to [I]ndigenous communities. ... The need to ensure access to the complete range of postal services and facilities in [rural and remote Indigenous] communities is part of Canada's fundamental obligation. Canada Post recognizes this obligation as part of its commitment to an [I]ndigenous and northern reconciliation strategy.

Mr. Ettinger [specified](#) that the four aforementioned community hubs are located in First Nations communities: “The key thing on those is that we engaged the local [F]irst [N]ations community right at the beginning of the projects, and we wanted them to design the post offices with their culture in mind, with their artifacts, with their artwork, with their colour palettes and so on.”

Mr. Ettinger also [indicated](#) that, in 2022, Canada Post was the first Crown corporation to launch a five-year reconciliation strategy: “[W]e've already improved 45 [I]ndigenous post offices in their communities... We have another 25 planned for this year. We have a 5% target on procurement [from Indigenous businesses]. We're at 4%. We actually have an employee percentage target. We're at 3.3% right now in our organization.”

Expansion of Services

[Mr. Anderson argued](#) that proposals to cut delivery days, create community mailboxes and privatize post offices would cut jobs, provide Canadians poorer service and fail to address the need for new revenue streams. He and other witnesses proposed instead to expand services, including by ensuring Canada Post handles more parcels – through agreements with delivery companies and legislation if necessary – and by diversifying the services that are provided.

For her part, Ms. Simpson [argued](#) that the Service Charter also “mandates innovation in expansion of services to meet people's changing needs. [CUPW is] pushing Canada Post to do expansion of services to ensure that nobody is left behind.” Ms. Simpson mentioned CUPW’s expansion-of-services campaign, [Delivery Community Power](#), which advocates for postal banking, community hubs, elder check-ins by postal workers, high-speed Internet and electric vehicle charging stations at post offices, and affordable food delivery such as a new-and-improved Food Mail program in the North.¹¹

Other examples raised during this study for the expansion of services include:

11 Prior to the implementation of the [Nutrition North Canada](#) program in 2011, Canada Post transported eligible food items to northern communities as part of the Food Mail program (a government program which supported the shipping of these items to isolated northern communities). Nutrition North Canada now provides a retail subsidy, among other things. For more information, see: House of Commons Standing Committee on Aboriginal Affairs and Northern Development, [From Food Mail to Nutrition North Canada](#), March 2011; and House of Commons Standing Committee on Indigenous and Northern Affairs, [Food Security in Northern and Isolated Communities: Ensuring Equitable Access to Adequate and Healthy Food for All](#), June 2021.



- increasing delivery at the door in rural and remote areas (Ms. Simpson argued that Canada Post “could bring the letter mail, your parcel and other services all in one package together”);
- offering delivery on weekends (Mr. Ettinger indicated that the corporation needs to negotiate with bargaining agents for this); and
- extending the post office’s operating hours to accommodate more clients.

Mr. Ettinger explicitly rejected alternate-day delivery:

The issue is that our network is a collapsed network that carries parcels, direct mail, and letters together. Think about the letter carrier. Even if we only delivered letters every second day, we [would] still have to go through the route because to be competitive in e-commerce and parcels, we have to be there every day.

He also acknowledged the government’s direction not to expand the use of community mailboxes but noted that “the experience with [community mailboxes] has actually been quite good over time in that they’re secure, safe and convenient, and they’re efficient for the organization.”

Consultations with Unions

Union representatives told the committee they would like to be consulted more by Canada Post management. “We need to have meaningful consultations, because a lot of times decisions are made, and then we’re advised. Meaningful consultation is what is needed, and we can offer ideas to help expand services at those post offices to avoid closures,” said Ms. Simpson. “We’re not always consulted at the beginning of the process, but we consult at different parts of the process. Whenever they consult us at the beginning of the process, we are able to work together and find a solution where postal services are not lost in remote areas.”

Mr. Jones echoed her comments: “We would, of course, like to have consultation... meaningful consultation is the key phrase there, because many times, when we’re bringing supporting information into that meeting, it is falling on deaf ears. It’s important that Canada Post hears that in order to maintain [post offices].”

Regulatory Changes

Mr. Ettinger briefly noted the need for regulatory changes: “[W]e need a refreshed regulatory approach that provides flexibility to act quickly in today's hyper-competitive parcel market, while providing the appropriate checks and balances in terms of government oversight.” This is something the corporation explored in more detail in its annual report:

The country we serve today is not the country we served in 1985. The mailing and delivery needs of Canadians across the country have dramatically changed and continue to evolve. However, the regulatory approach has remained largely untouched. Canadians expect Canada Post and the government to work together as stewards of the national postal service, ensuring it is keeping pace with their changing needs. We must work together to ensure the postal system changes with the times.¹²

The keyword in Mr. Ettinger’s testimony and Canada Post’s annual report is “flexibility”; as he stated, Canada Post must become nimbler and more innovative:

We need more flexibility to compete. We need more flexibility in how we deliver... We need flexibility in our regulatory structure to be able to respond faster. Flexibility in pricing can help us with some of the financing issues we've had. We also need flexibility to invest and improve service—to invest more in our people and invest more in safety.

CONCLUSION AND RECOMMENDATIONS

Canada Post and the Canadian postal system are at a crossroads. The challenges ahead are not insurmountable, but significant changes are needed to adapt, and the Government of Canada ought to do its utmost to assist the corporation in its transition. The postal service is a public asset that Canadians, especially those living in rural and remote communities, cannot afford to lose.

Based on the testimony above, the committee recommends:

Recommendation 1

That the Government of Canada work collaboratively with Canada Post toward the timely approval of its corporate plan to safeguard the corporation’s future.

12 Canada Post Corporation, [2023 Annual Report](#), p. 7.



Recommendation 2

That Canada Post ensure that any measures taken to modernize its operations remain financially self-sustainable for the sake of Canadians and aligned with its core purpose of providing high-quality, affordable postal delivery services to all Canadians.

Recommendation 3

That, to ensure that resources are appropriately allocated to maintain postal services in each type of community, the Government of Canada, Canada Post and postal unions adopt common definitions of “urban,” “rural,” “remote,” “isolated” and “northern” communities based on the most recent demographic data, such as Statistics Canada’s index of remoteness; and that the government consequently update its 1994 moratorium on post office closures.

Recommendation 4

That the Government of Canada, in collaboration with Canada Post and postal unions, review the Canadian Postal Service Charter as soon as possible to reflect changes in the postal service ecosystem since it was last updated in 2009 and to better align it with the current realities of rural and remote communities, with the aim of ensuring that the Service Charter guarantees the protection of postal services for rural communities.

Recommendation 5

That Canada Post consult with communities where there is a shortage of post offices or post office boxes to find solutions as to where these services could be located.

Recommendation 6

That the Government of Canada work with Canada Post to modernize its regulatory framework with the aim of improving its services to the public and growing its revenue base; and that the government engage in meaningful consultation with the public and unions representing postal workers throughout this process and prior to mandating any changes.

Recommendation 7

That the Government of Canada, Canada Post and postal unions review the postmaster-provided model for rural post offices to address the needs of these communities and ensure equitable service delivery.

Recommendation 8

That the Government of Canada urge Canada Post to improve the retention and recruitment of rural postmasters and other employees working in rural and remote offices by ensuring that they are fairly compensated and that sufficient resources are allocated for the operations of rural post offices, recognizing that some are paying out of pocket for operating expenses.

Recommendation 9

That, given that postal services are vital to the quality of life in Canada's rural and remote communities, the Government of Canada develop a plan, in collaboration with Canada Post and postal unions, to enhance revenue by expanding the range of services offered in rural and remote locations.

Recommendation 10

That Canada Post uphold its unique responsibilities to Indigenous communities by providing reliable, accessible postal services; and that in upholding these responsibilities, Canada Post comply with its obligations under the Calls to Action of the Truth and Reconciliation Commission.

APPENDIX A: LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee’s [webpage for this study](#).

Organizations and Individuals	Date	Meeting
<p>Canada Post Corporation</p> <p>Alexandre Brisson, Vice-President, Operations and Engineering</p> <p>Michael Yee, Vice-President, Retail and Financial Services</p>	2024/04/08	115
<p>Department of Public Works and Government Services</p> <p>Eugene Gourevitch, Director, Performance and Impact Analysis, Portfolio Affaires</p> <p>Lorenzo Ieraci, Assistant Deputy Minister, Policy, Planning and Communications</p>	2024/04/08	115
<p>Canadian Postmasters and Assistants Association</p> <p>Dwayne Jones, National President</p>	2024/04/15	117
<p>Canadian Union of Postal Workers</p> <p>Jan Simpson, National President</p> <p>Emilie Tobin, Communications Specialist</p>	2024/04/15	117
<p>Canada Post Corporation</p> <p>Rindala El-Hage, Vice-President, Finance and Controller</p> <p>Doug Ettinger, President and Chief Executive Officer</p> <p>Manon Fortin, Chief Operating Officer</p>	2024/05/29	125
<p>As an individual</p> <p>John Anderson</p>	2024/09/17	138

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 115, 117, 125, 138, 147 and 155](#)) is tabled.

Respectfully submitted,

Kelly McCauley
Chair

Conservative Supplementary Report

Introduction

During its study of *Postal Services in Canada's Rural and Remote Communities*, members of the Standing Committee on Government Operations and Estimates, heard from witnesses who raised concerns regarding the state of the services being provided by Canada Post to Canadians living in rural and remote communities.

While the study was focused on the provision of services to these communities it became evident that an even greater concern is the financial viability of Canada Post and its ability to fulfill its mandate to provide quality postal services to all Canadians while running ever increasing deficits which are nearing \$1 billion in a single calendar year.

State of Canada Post

In 2023, Canada Post ran a deficit of over \$750 million, and this deficit is expected to increase year over year.

During the course of the study, the CEO of Canada Post told the committee that the current Liberal government has failed to approve a new corporate plan for Canada Post since 2019.

This means that Canada Post has had to deal with the pandemic and the changing mail landscape, with old plans which are not suited to the new reality thus putting the financial viability of Canada Post in jeopardy.

Conclusion

Conservatives have serious concerns about the state of Canada Post after nine years of an overbearing and interventionist Liberal government.

While the main report contains some recommendations which are sound, it avoids addressing the most serious issues which Canada Post faces in pursuing its mandate as a self-sustaining crown corporation tasked with delivering quality mail services to all Canadians.

Therefore, Conservatives can only partially agree with the recommendations contained in the main report.

**SUPPLEMENTARY REPORT
OF THE
NEW DEMOCRATIC PARTY OF CANADA**

Postal Service in Canada's Rural and Remote Communities

Canada's New Democrats agree with many of the findings and recommendations of the Committee's report on issues facing postal service in Canada's rural and remote communities. The NDP is especially pleased the Committee included recommendations to ensure postmasters are fairly compensated and the government provides sufficient resources for the operation of rural post offices; expand services provided by rural post offices to increase revenues and develop community hubs; and increase community and union consultation to identify and rectify deficiencies in rural postal service.

This supplementary report aims to highlight further witness testimony detailing the structural issues with Canada Post's approach to operating and financing rural postal service. Specifically, we believe Canada Post should fundamentally reform the postmaster-provided model for rural postal services and ensure rural communities do not bear the burden of meeting its government-imposed self-financing mandate.

While the Committee did recommend that the government and Canada Post review the postmaster-provided model for rural post offices to ensure equitable service delivery, this recommendation neither gets to the heart of the issue nor provides a bold enough direction.

The postmaster-provided model for rural and remote community post offices is failing communities. This model leaves postmasters, who are federal employees doing vital work, on the hook for all expenses related to operating their post office, including expenses such as rent, snow clearing, utilities and much more. Stipends meant to compensate for these costs are woefully inadequate.

To illustrate, [Mr. Dwayne Jones, National President](#) of the Canadian Postmasters and Assistants Association (CPAA) testified that the annual leasing allowance provided by Canada Post for a Group 1 postmaster to operate a post office is only \$1,357 per year. [Mr. Jones](#) also noted a CPAA survey of over 300 postmasters that showed together they are paying a total of \$32,000 per month out of their own pockets to operate their post offices. Meanwhile they are being paid a starting salary of only \$18.44 per hour. The combination of low wages and insufficient cost reimbursement is making recruitment and retention of postmasters difficult, with serious implications for the continuity of rural service. This model is plainly unfair to both workers and communities. As such, we believe the Government should scrap the postmaster-provided

model, and instead focus on providing Canada Post retail facilities in rural and remote communities.

In its recommendations, the Committee acknowledged postal service is vital to the quality of life in rural and remote communities. Despite this acknowledgment though, the Committee failed to articulate how Canada Post's self-financing mandate leaves these communities behind. According to the Canada Post Corporation Act, Canada Post has a dual mandate: to operate on a self-sustaining financial basis while providing high-quality services that meet the needs of Canadians across the country. Yet, too often Canada Post, in seeking to meet its self-financing mandate, turns to lower-revenue rural and remote services as opportunities to cut costs. This is evident in the number of rural post offices it has managed to close across Canada since the 1992 moratorium was established. Our conversations with community leaders and former Canada Post employees suggest a clear trend from postmaster-provided post offices, to contracted-out services (franchises), to so-called "community mailboxes." Low postmaster wages and stipends fuel this erosion of rural service.

By contrast, we agree with [Mr. John Anderson](#), who told the Committee:

"Certainly, the government has to guarantee postal services to everybody. That has to be a guarantee whether Canada Post makes a profit or not."

It is not enough for the government to attempt to improve its fundamentally broken model for rural postal services. Instead, Canada Post should do away with the anachronistic postmaster-provided model entirely and provide properly funded retail post offices in rural communities, staffed by appropriately compensated, unionized postmasters. Full stop.

RECOMMENDATIONS

That the Government of Canada ensure equitable service delivery for remote and rural communities by scrapping the postmaster-provided model and focusing instead on the establishment and protection of Canada Post retail facilities in these geographies.