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• (1100)

[English]

The Chair (Kelly McCauley (Edmonton West, CPC)): Good morning, everyone. We are in session.

Welcome to meeting number 11 of the House of Commons Standing Committee on Government Operations and Estimates.

We are continuing our study on Canada Post today. We have four opening statements.

Witnesses, please keep your opening statements to five minutes or less so that I don't have to cut you off.

Colleagues, because we have so many online today, if you're addressing questions, please specify who the question is for.

Those who are on Zoom, unless you're called specifically for a question, I'd ask that you refrain from speaking so that we're not talking over each other.

We'll start with our witnesses in-house.

Mr. Lalande, you have the floor for five minutes, please. Go ahead, sir.

[Translation]

Xavier-Antoine Lalande (Mayor of Saint-Colomban, Union des municipalités du Québec): Mr. Chair, Madam Deputy Chair and honourable members of the committee, thank you for giving the Union des municipalités du Québec an opportunity to participate actively and constructively in the study on the situation at Canada Post.

My name is Xavier Antoine Lalande. I'm the mayor of Saint Colomban and I'm representing the Union des municipalités du Québec, or UMQ. I'm here with Ms. Anabelle Martini, policy coordinator at the UMQ.

I'd like to start by saying that for the past 100 years, the UMQ has brought together local governments from all regions of Quebec.

UMQ members represent over 85% of Quebec's population.

UMQ recognizes the financial challenges facing Canada Post. We also understand the need for reform to enable the organization to adapt its business model to current realities. However, this reform must be guided by a logic that's based on geographic equity and social cohesion. It cannot be carried out at the expense of local communities, particularly the most vulnerable individuals.

It's with that in mind that we're making three key recommendations today.

Our first recommendation is to maintain local postal services in all the regions. The announced end on the moratorium on post offices has raised major concerns for municipalities in Quebec. These points of service play a structural role in the social and economic life of many communities. They are landmarks and connection points where people come together.

Closing them down is therefore not a trivial matter because it could make town centres and village hubs, which have already weathered tough economic times, more vulnerable. This could have a significant impact on the local social fabric and access to services. For example, some people would have to travel dozens of kilometres to get to the nearest post office. It's important to safeguard against deepening regional inequalities, creating service deserts or complicating access for seniors and people with reduced mobility.

The UMQ is therefore recommending that any changes to the Canada Post business model be designed to reflect local realities and involve consultation with municipalities.

Other solutions should also be considered, such as integrating retail outlets into local businesses or reviewing the frequency of door-to-door mail delivery. In addition, the future of Canada Post buildings, which are often strategically located, should be considered in consultation with municipalities to ensure that their eventual conversion effectively addresses local needs.

Our second recommendation is on the need for coordinated planning for the installation of community mailboxes.

• (1105)

Marie-Hélène Gaudreau (Laurentides—Labelle, BQ): I have a point of order, Mr. Chair.

I know the meeting is televised, but it's difficult to focus. I do understand that the witness is speaking in French and that some people don't listen to evidence in French, but there's a lot of movement. I'd ask that members respect our witness.

Thank you.

[English]

The Chair: Thank you, Madam.

Please continue, Mr. Lalande. You have two more minutes.

[Translation]

Xavier-Antoine Lalande: Thank you.

Our second recommendation is on the need for coordinated planning for the installation of community mailboxes. The UQM believes that this should be a joint undertaking between Canada Post and municipalities. We believe that structured collaboration from the outset is the key to harmonized integration.

This would make it possible to reflect local realities, the principles of land use planning and design while avoiding potential conflict of use. Special consideration should be given to the most densely populated areas where space, safety and cohabitation challenges may complicate the installation of these mailboxes.

The UQM is calling on Canada Post to start looking into existing systems, such as post office boxes, with a view to ensuring the continuity of public service and optimizing existing resources.

Our third recommendation is on the recognition of municipal mailings as an essential service in the event of a strike. As you may be aware, there is a municipal-wide election in Quebec, and there have been major issues over the past few weeks.

Most municipal mailings include tax bills and election voter cards that encourage people to vote. Their delivery cannot be compromised. The impacts of the latest ongoing conflict speak for themselves. Nearly six million voters were affected by delays in receiving their voter registration cards for this year's municipal elections. Voter cards are often the only way to reach these people, and so this situation will no doubt have a direct impact on voter turnout.

Municipalities with over 20,000 residents are required to send out these documents. However, they have had to resort to costly alternatives, such as private courier service. For example, the City of Montreal was forced to spend nearly \$3 million to distribute voter cards for this year's election.

During the December 2024 labour conflict at Canada Post, the delivery of tax bills was affected, and this created cashflow challenges for municipalities that depend on these mail-outs for their funding and operations.

The UMQ therefore recommends that these mail-outs be included in essential services agreements between parties prior to a labour dispute.

In closing, I'd like to stress that municipalities are not simply users of postal services. They're strategic partners. They're willing to collaborate on a reform that meets local needs, protects access to local services for all Canadians and strengthens social ties.

It's crucial that this reform be designed with the municipalities, without compromising the socio-economic development or the vitality of Quebec regions.

Thank you.

[English]

The Chair: Thank you, Mr. Lalande.

Mr. Deegan, the floor is yours for five minutes, sir.

Paul Deegan (President and Chief Executive Officer, News Media Canada): Thank you very much, Chair.

Good morning, and thank you for this opportunity to speak about Canada Post.

News Media Canada represents 550 news titles across Canada, everything from large national newspapers to two-person independent weekly community newspapers. I am joined today by my colleague, Murray Elliott, from Olds, Alberta.

Before I begin, let me state the obvious. Canada Post is not financially viable without significant changes. Absent a wholesale restructuring, it will continue to lose millions of taxpayer dollars a day.

At the same time, Canada Post is an important national institution. Like our newspapers, its stamps tell the story of Canada and Canadians. By way of example, in 2021, Canada Post unveiled five stamps that celebrated five of Canada's great editorial cartoonists. One example was Terry Mosher of the Montreal Gazette. Aislin, as he is known, depicted a beaver sporting a hockey jersey with a maple leaf playing a bear whose jersey said CCCP.

I cannot stress enough how important Canada Post is as an important distribution vehicle for many community newspapers across Canada, especially in rural and remote parts of the country. We deeply appreciate the work that the thousands of postal employees do to get our newspapers to Canadians despite rain, snow, sleet or hail. However, the current leadership of both Canada Post and CUPW have shown a disregard for community newspapers. They seem to have forgotten that we are customers, and well-paying ones at that.

Let me cite two recent examples where publishers, many of whom are small businesses, have been harmed. First, as of January 2024, community newspapers with commercial inserts are no longer exempt from Canada Post's consumers' choice program, which allows Canadians to opt out of receiving junk mail. Like advertisements on the pages of a newspaper, commercial inserts or fliers pay for the content our journalists produce in those newspapers.

Let me be clear. Community newspapers with a flyer from the local grocery store or hardware franchise are not junk mail. Here is what the impact of that decision looks like on the ground. The loss of \$120,000 in annual flyer revenue to a community newspaper supports three jobs. Without that revenue, those three jobs are at high risk. This arbitrary decision was made with zero stakeholder consultation or economic and social impact analysis. We hope Parliament will direct Canada Post to reverse this decision.

Second, the recent decision by CUPW in September to escalate strike activity by neither processing nor delivering unaddressed flyers called neighbourhood mail, whether intended or not, held our community newspapers hostage. It deprived many Canadians of fact-based and fact-checked information that our journalists produce. Again, let me stress that community newspapers are not junk mail.

While some of our publishers have service issues with their local postal station, these are generally isolated. Canada Post has dramatically improved its resolution process in the last few years. For that, I would like to single out and thank Mark Nailer and Julie Plouffe from Canada Post's commercial mail division. They are always extremely helpful and responsive.

You may ask, "Why don't you just abandon print and go digital? Wouldn't that solve your distribution problems and your reliance on Canada Post?" With foreign tech giants creaming most of the digital ad dollars in this country, the economics of digital just don't work for many. Digital ad dollars may be able to support large operations with scale or niche publications devoted to unpaid commentary, but we still need print ads and flyers to support a newsroom of full-time local journalists who do the painstaking work of covering the cops, courts and city hall. Real news costs real money.

Speaking of digital ad dollars, I would encourage this committee to examine federal ad spending. The government's agency of record is doing what is easiest and most profitable for it. In 2023-24, the government spent more than \$76 million on advertising. Of that, less than \$1.4 million went to all print publications in the country combined.

Taxpayer dollars should be spent in Crowsnest Pass, not in California, and on companies that deliver facts rather than those whose algorithms foment misinformation and disinformation. The government should follow the province of Ontario's lead and announce in its upcoming November budget that it is setting aside a minimum of 25% of ad spending on trusted news brands. That is something this committee would appreciate as it would come at zero additional cost to the taxpayer.

Thank you very much. Murray and I would be pleased to answer your questions.

• (1110)

The Chair: We will now hear from Mr. Bartlett.

Please go ahead, sir.

Patrick Bartlett (Executive Director, National Association of Major Mail Users): Thank you, Mr. Chair and members of the committee. My name is Patrick Bartlett, and I'm appearing on behalf of NAMMU, Canada's not-for-profit mailing industry association.

We represent the full mail value chain: printers, mail service providers, data companies, suppliers and postage meter manufacturers. For over 30 years, we have worked collaboratively with Canada Post to support a strong national postal system.

I would like to focus on three issues today: the importance of mail and the mailing industry to Canada's economy, the significant

impact of prolonged labour uncertainty and our response to the minister's proposed reforms at Canada Post.

The mailing industry matters to Canada's economy. The mailing industry is a major contributor to jobs, commerce and government revenue: \$100 billion in annual revenue, approximately 5% of GDP and 700,000 Canadians employed mostly in small and medium-sized businesses. It's essential for billing, customer acquisition and order fulfillment. Mail represents a lifeline for small and medium-sized businesses. Four in five businesses rely on Canada Post: 73% mail cheques and invoices and 50,000-plus businesses and not-for-profits use postage meters.

Even with volume decline, mail still generates 50% of Canada Post's revenue, or about \$3.1 billion annually. Mail density also enables Canada Post to remain competitive in parcels despite a higher cost structure. Marketing with physical mail drives higher engagement and response rates with strong recall, trust and presence cutting through digital clutter.

A commercially sustainable Canada Post is, therefore, fundamental to the industry, the businesses it supports and the Canadians it employs.

There is a cost that comes with labour uncertainty. Our sector is fully dependent on Canada Post for delivery. When the postal system stops, we stop. Over the last 18 months, businesses have been shuttered, employees have been laid off, cash reserves have been drained and major market campaigns have been delayed or cancelled. This is our peak season. Continued disruption is not survivable for many SMEs.

NAMMU respects the right to collective bargaining, but after nearly two years of negotiations, the parties are further apart, not closer. We therefore believe binding arbitration is now the only practical path to restore stability. Without urgent action, the consequence will ripple through the broader economy.

The reform direction is right; execution will matter. NAMMU generally supports the direction outlined by Minister Lightbound: flexibility in delivery standards, ending moratoriums on community mailbox conversion and rural post office closures—

• (1115)

[*Translation*]

Marie-Hélène Gaudreau: Mr. Chair, I have a point of order.

Interpreters have said that sound is cutting in and out. They can hear the witness, but the connection probably needs to be checked out. I'm thinking of the interpreters' hearing.

[English]

The Chair: We're just going to pause for one second, Mr. Bartlett, and check with our interpreters.

• (1115) _____ (Pause) _____

• (1115)

The Chair: Thanks for waiting. Thanks for your patience, Mr. Bartlett.

IT is telling us our connection is strong right now, so we'll try again.

Go ahead, Mr. Bartlett. You have two minutes.

Patrick Bartlett: Thank you.

The reform direction is right; execution will matter. NAMMU generally supports the direction outlined by Minister Lightbound, including flexibility in delivery standards, ending moratoriums on community mailbox conversion and rural post office closures, and a faster and more effective process for stamp pricing decisions.

We agree that change is necessary. However, several safeguards are critical. Delivery reliability must remain non-negotiable. Delivering mail depends on items arriving within published timelines tied to sales and campaigns. Community impacts must be considered. Undertake changes with local consultation and sensitivity. Pricing must be predictable and commercially rational. Recent price actions, including reduced incentives and a 25% increase during a labour disruption, have accelerated with the decline of letter mail.

We recommend maintaining checks and balances appropriate to a monopoly, such as pegging rate increases to inflation and restoring meaningful price differentials for business mailers, including postage meter users. These will ensure revenue growth without destabilizing the industry.

In conclusion, Chair and members, NAMMU urges immediate action to end labour uncertainty through binding arbitration, responsible and disciplined reforms that preserve a sustainable national postal system and continued collaboration with industry to support Canadian jobs and economic activity. Canada needs a reliable and competitive Canada Post to support the businesses that power our economy.

Thank you for your invitation to appear today. I'm pleased to answer any questions.

• (1120)

The Chair: Thank you very much, Mr. Bartlett.

We'll start the six-minute round with Mrs. Jansen.

The floor is yours. Go ahead.

Tamara Jansen (Cloverdale—Langley City, CPC): Mr. Bartlett, everyone in the room knows the writing was on the wall. Back in 2016, this very committee told the Liberal government exactly what needed to be done with Canada Post—modernizing delivery, finding new revenue streams and adapting before it was too late—but eight years later, those changes never happened.

Do you believe those recommendations should have been enacted sooner?

Patrick Bartlett: Yes. NAMMU worked with the government and the postal task force. We supported Canada Post's original five-point plan in 2013 and those changes, and we believe they should have been enacted at that time.

Tamara Jansen: The decline in letter mail wasn't a surprise. Canadians were paying bills online and businesses were moving to digital long before 2016. Did your association warn the government that those trends would accelerate?

Patrick Bartlett: Yes.

Tamara Jansen: When you did that, what kind of response did you get?

Patrick Bartlett: They listened. The postal task force took our recommendations and thoughts seriously and produced them in the report. The parliamentary committee that was part of the postal review at the time dismissed the numbers, as I recall, and didn't think change was necessary.

Tamara Jansen: I'm sorry. Could you say that again? The committee dismissed the numbers. It didn't think they were....

Patrick Bartlett: Yes. The numbers were projections that had been put forward by Deloitte and Canada Post and they are pretty close to where Canada Post is today. The loss is around \$1 billion or so.

Canada Post was still profitable at the time, and the parliamentary committee basically concluded that it didn't believe the numbers and they didn't need to be acted on immediately.

Tamara Jansen: Some of the big ideas from 2016 were diversifying revenue, expanding parcels, partnering with private delivery networks and even exploring new financial services. Instead, we got inaction.

How much opportunity was lost because the government failed to act when there was still time?

Patrick Bartlett: I don't think I can answer that. It would be a significant number. It's safe to say that Canada Post would not be in the position it is in today if there had been action at that time.

Tamara Jansen: For your members, the major mail users, this isn't just theory; it's day-to-day operations. I am also hearing from small and medium-sized businesses in my riding that Canada Post's mail delivery is essential to them with all of the things you mentioned.

How has this delay hurt your members?

Patrick Bartlett: I think one of the critical ways that it's hurt members has certainly been in pricing. Canada Post has taken a little bit of an uneven approach to pricing. For letter mail, it has done consistent increases for commercial mail but did not do increases for stamps. For instance, there used to be a 10¢ incentive to use meters, and now that's dropped down to one cent. Because Canada Post has not been able to raise the ceiling with stamps, it's had to take money from the industry through price increases.

Tamara Jansen: The Liberals have been at the helm this whole time, so do you think the absence of a clear modernization plan from this government is a big reason that we're now seeing Canada Post in financial distress?

• (1125)

Patrick Bartlett: There was a plan. It just needed to be acted upon.

Tamara Jansen: If you turned back the clock, which two or three reforms would you have seen to be the first priorities that the government should have done for Canada Post to secure its future?

Patrick Bartlett: I'd say conversion to community mailboxes and ending the rural moratorium.

Tamara Jansen: What I'm hearing from you today is that this wasn't inevitable. The writing was on the wall, but nobody picked up a pen to fix it. Do you think it's too late for Canada Post since the Liberals waited so long?

Patrick Bartlett: No, I don't think it's too late for Canada Post; however, we need to move quickly, and we need to move carefully. Canada Post can't, for instance, deal with its deficits by large price increases. Government needs to fund it until these changes kick in place.

Tamara Jansen: I wonder if you could describe for me a little bit more the chaos that our small and medium-sized businesses and your members have had to undergo because of this chaos and this mess.

Patrick Bartlett: Let me go back to last year's labour disruption. There is a mail service provider that provides a great service to its customers and is very supportive of its employees. During the strike last year, its business virtually shut down. It maintained its employees with great loss to the business because there was really very little work for them to do. It was very disruptive. It hurt them financially, and the ongoing—

The Chair: I'm sorry; I have to interrupt because it is past our time.

We're going to go to Mr. Gasparro.

Colleagues, I'm hearing from our interpreters that our connection to Mr. Bartlett is dropping again. We only have about 25 minutes left, so I'm going to suggest to not direct any questions to Mr. Bartlett for the moment. We'll try to have IT connect with to him to fix his connection.

Mr. Bartlett, our IT people will contact you separately by phone to try to get this worked out.

Go ahead, Mr. Gasparro.

Vince Gasparro (Eglinton—Lawrence, Lib.): Thank you, Chair.

Mr. Deegan, it's nice to see you again. I know, obviously from my experience serving on the board of Postmedia, that Canada Post work stoppages have made it very difficult for some newspapers. You touched on it in your opening remarks. I can tell you that this had an impact on the circulation of several ethnic newspapers in my riding of Eglinton—Lawrence such as the *Corriere Canadese*, which is a large, daily Italian newspaper located also in Eglinton—Lawrence. This obviously impacts community and ethnic newspapers that keep Canadians informed.

Can you just drill down a little bit in terms of how the recent strikes and work stoppages have affected local news?

Paul Deegan: The newspaper that you're referring to, the *Corriere Canadese*, is owned by a former parliamentarian, Joe Volpe, and is a great example. These newspapers are vital to the communities they serve. I believe that it's the largest Italian-language newspaper in North America, and it's had a major impact. We had basically very little notice in terms of the strike and, all of a sudden, you cannot get your newspaper out, so it's played a major role. It's a real hardship, and it's the uncertainty that makes it very difficult. Do you decide to print or not? You're not sure if the stoppage is going to end.

Perhaps I could turn to Murray Elliott, who's a community publisher in Olds, Alberta, to explain what this meant for him and his colleagues in Alberta.

Murray Elliott (Vice-President, Great West Media LP, News Media Canada): Thanks for allowing me to be part of this conversation.

My name is Murray Elliott. I'm the vice-president of Great West Media, which is an Alberta-based company. I'm also a small-town publisher.

The recent Canada Post strike and job actions have created a number of challenges. We maintain robust websites and easy access to e-editions, but people are still starved for accurate, fact-based news, often in that tactile form of a newspaper.

We also played Russian roulette or "let's make a deal" every week: Should I print my full run or not? Our customers also took their chances with us on whether or not we could actually deliver what we promised to deliver.

I know it has created chaos particularly for farm and other rural publications that rely solely on Canada Post. They've lost millions of dollars because their papers were stuck either at the plant or at a closed Canada Post shop.

• (1130)

Vince Gasparro: Thank you very much.

Mr. Deegan, typically, how frequently are the newspapers your organization represents physically delivered?

Paul Deegan: We represent two classes of publisher, if you will.

We represent urban dailies—newspapers like the Toronto Star—which are delivered seven days per week. We also represent community newspapers, which are weekly publications.

To Murray's point, it's that lack of certainty. Do I print or not? That's a huge expense. For the advertisers, do they advertise or not? The problem is with these ongoing work stoppages. Advertisers then look for other solutions. That's a problem.

The lifeline for community news publishers is that physical print edition. They cannot make a buck as a digital-only publisher. If you want to cover cops, courts and city hall, etc., you need the advertising from the local Chevy dealer and the flyer from the Canadian Tire franchisee to actually make money in this business and to support your newsroom. It's vital.

Vince Gasparro: Very quickly, Mr. Deegan, the move toward digital media has affected everyone, obviously, but especially traditional media.

Can you share very quickly with the committee any lessons learned from this experience that could maybe help in a Canada Post transformation?

Paul Deegan: We're relying much more on really investing in high-quality content. That's really the key for publishers. Again, especially at the community level, it's that physical newspaper that's so important.

There's one example I would use in terms of the transformation of Canada Post. For several years, I was an executive at CN. The top railroaders in the world are Canadians. Jim Vena runs Union Pacific. He's about to pull off the biggest rail merger in history. I would suggest that Canada Post should talk to people like Jim Vena.

The chief operating officer of Norfolk Southern is John Orr, who is another Canadian. The chief operating officer of CSX is another Canadian. These people are world-class logistics experts. I would think Canada Post should consult with people like that.

Vince Gasparro: Mr. Lalande, thank you very much for coming here today and thank you for your public service.

I apologize. I'd ask the question in French, but I don't think you'd understand and I probably wouldn't understand what I'm saying. I'm working on it. I did that for my Bloc colleagues.

You eloquently pointed out some of the necessities that Canada Post provides in your community. I think many of us share that opinion.

Do you believe that if it is going to be sustainable in the long term, so our kids and grandkids will be able to benefit from the postal service, the organization needs to be rightsized?

The fact is that it's hemorrhaging \$10 million per day, it's losing close to \$1 billion per year and is effectively insolvent. Do you believe there does need to be a modernization of the organization so future generations can benefit from it?

The Chair: I am afraid there is no time left for an answer.

We will go to Ms. Gaudreau. Perhaps it can be answered during her intervention.

Madam Gaudreau, please, for six minutes.

• (1135)

[*Translation*]

Marie-Hélène Gaudreau: The witness will have the opportunity to answer later on.

Thank you very much, Mr. Chair.

Mr. Lalande, I've heard a lot of things today. I appreciate your attention to detail.

It's easy to pass the buck and say we should have taken action earlier. We now have a situation that calls for a thoughtful approach. The president and CEO will submit his report in a few days, and you'll have an opportunity to consult with the CEO and the minister.

Let's talk about land use planning. As we've already heard, there are differences in Quebec. Very remote regions come to mind. Quebec also has the duplex model, which is fundamentally different from models with towers and a lot of infrastructure.

In my opinion, \$3 million to uphold democracy is absurd.

What do UMQ members say when this issue of mailboxes and accessibility comes up?

Xavier-Antoine Lalande: As I said earlier, the UMQ represents all the municipalities in Quebec and as you noted, the realities are different from one municipality to another. The challenges associated with community mailboxes are more significant in big cities, which are densely populated. Canada Post has to consult municipalities to take a look into urban planning before community mailboxes are installed.

There's still an opportunity to use space in suburban towns and to properly plan for the installation of community mailboxes. However, a one-size-fits-all approach should not be used across Quebec because as you noted, remote villages have quite a different reality. Economic activity revolves around an outlet and so it's important to have postal services in those areas.

Planning for the installation of mailboxes must take into account the accommodations cities will be required to provide, such as snow removal and cleanliness. Regrettably, these spaces risk being misused as dumpsters and mail will have to be removed from these dumpsters. This is a municipal area of jurisdiction so Canada Post, along with municipalities, must review this issue comprehensively.

Marie-Hélène Gaudreau: I know that people are trying to use digital technology. However, my riding of Laurentides—Labelle has very poor cellphone coverage and connectivity.

How would the UMQ meet those needs, not just for municipalities, but also for notaries, when it comes to legal documents? It has been said that parcels are the cash cow, not mail. We'll get into that later.

What are your thoughts on that?

Xavier-Antoine Lalande: Our recommendation is to review the frequency of mail delivery. Canada Post can reconsider daily delivery.

Mail can be delivered every two or three days in some areas. We raised that idea in our submission.

Marie-Hélène Gaudreau: Regional vitality depends on access to public service.

At what cost should this public service be maintained?

Xavier-Antoine Lalande: It's up to Canada Post and the government to conduct such an analysis.

Marie-Hélène Gaudreau: I'd like to come back to franchise operators that use the service.

How effective do you find that?

Xavier-Antoine Lalande: A reform of services offered in Canada Post offices and in postal outlets would probably be necessary.

I'd say that in my municipality, services were assessed as part of the reform. For example, services with low demand have been phased out.

Canada Post therefore has flexibility in reviewing its service offer.

Marie-Hélène Gaudreau: How do people respond to discussions about lifting the moratorium?

Do people ask whether the offices will be maintained or whether everyone will be thrown out to put the facilities to other use?

• (1140)

Xavier-Antoine Lalande: Post offices are an emblem. However, I think communities are amenable to maintaining a postal service that would be provided in collaboration with an existing business. This could be an outlet in a convenience store, a grocery store, or a pharmacy.

Marie-Hélène Gaudreau: Let's turn to efficiency. You represent age-friendly municipalities. Quebec now has 1,000 municipalities that prioritize the needs of seniors. Seniors depend on mail, among many other things.

Do the needs of seniors have to be fully accounted for in the reform?

Xavier-Antoine Lalande: It's important for Canada Post to consider the reality of seniors and people with reduced mobility. This requires a case-by-case approach, obviously.

Marie-Hélène Gaudreau: My time is up.

Thank you very much.

[English]

The Chair: Thanks very much.

Before we go to Mr. Patzer, we think we have you sorted, Mr. Bartlett. I just need you to put your boom microphone down to a proper level and we'll open questions for you as well.

Mr. Patzer, go ahead for five minutes, please.

Jeremy Patzer (Swift Current—Grasslands—Kindersley, CPC): Thank you very much, Mr. Chair.

I will be ceding my time to Mr. Boulerice from the NDP.

The Chair: Mr. Boulerice, go ahead, please.

[Translation]

Alexandre Boulerice (Rosemont—La Petite-Patrie, NDP): Thank you very much, Mr. Chair.

I thank all the witnesses for being with us today for this very important study. I'll start with Mr. Lalande.

Mr. Lalande, an announcement has been made that door-to-door mail delivery for 4 million people across Canada will be discontinued. The installation of community mailboxes alone will cost Canada Post \$1.6 billion. You spoke about issues related to snow removal and public health that these mailboxes pose for municipalities. They may also pose a risk of identity theft.

Do you have an estimate of how much it would cost municipalities to maintain community mailboxes, be it only to pick up paper and flyers that will be thrown out and strewn on the ground?

Xavier-Antoine Lalande: The municipalities' stance is that they will not agree to take on responsibility for the installation of these community mailboxes or any related issues.

For example, the installation of 30 community mailboxes in one region would require a team of blue collar workers, a vehicle and two employees. This team would be expected to collect recycling bins and garbage cans that will be put up because citizens expect the city to maintain the areas around these mailboxes.

Mr. Boulerice, you could also have brought up the issue of lighting associated with the installation of community mailboxes because this could lead to security concerns.

Alexandre Boulerice: In a way, by moving to community mailboxes, the federal government is passing on the bill and responsibility to municipalities.

Xavier-Antoine Lalande: That's what's hanging over our heads, actually.

Alexandre Boulerice: Okay.

You talked about the importance of post offices for the social fabric of villages and some communities, and I relate to that.

On the ground, what would be the impact of the massive disappearance of post offices on the vitality of city centres?

Xavier-Antoine Lalande: That would affect travel patterns and could spell trouble for businesses in some city centres.

If people have fewer reasons to go downtown as opposed to another area outside the city and villages, this will obviously have a direct impact on the vitality of communities and the economic vitality of cities and towns.

Alexandre Boulerice: Sometimes, people meet each other when they go to the post office and they may also go to a nearby café or restaurant with a friend. These opportunities to meet people would be reduced.

Isn't that so?

Xavier-Antoine Lalande: Yes, that's right.

Alexandre Boulerice: Mr. Deegan, I'm concerned about the future of local and regional news organizations and weekly and community newspapers.

In your opinion, what is the future of local and regional weekly newspapers if home delivery postal service is phased out?

How will that affect them?

● (1145)

[English]

Paul Deegan: It would be disastrous for many community newspapers. Many of the *hebdomos* in Quebec, for example, rely on Canada Post, so it would be disastrous. For what I would describe as an urban daily, often they have their own carrier arrangements in large cities. However, especially in rural and remote areas, this would be devastating—there's absolutely no question about it—and that means those communities would be deprived of news about their democracy, and news covering police, school boards, courts, etc.

[Translation]

Alexandre Boulerice: How much time do I have left, Mr. Chair?

[English]

The Chair: You have 20 seconds.

[Translation]

Alexandre Boulerice: Okay.

In this case, I'll cede them to you, Mr. Chair. I'm very generous.

[English]

The Chair: Thank you, Mr. Boulerice.

We will go to Ms. Sudds for five minutes.

Hon. Jenna Sudds (Kanata, Lib.): Thank you very much, Chair.

[Translation]

Mr. Lalande, thank you very much for being with us today.

You've raised some important points.

In your opinion, what would an effective consultation process with Quebec municipalities look like?

Xavier-Antoine Lalande: Are you alluding to the installation of community mailboxes or to the overall reform?

Hon. Jenna Sudds: You said that consultation is really important.

Could you give us more details about this matter?

Xavier-Antoine Lalande: Cities and towns are currently facing a lot of pressure from the provincial and federal governments to use public spaces for the installation of community mailboxes.

The provincial government has nevertheless made a number of decisions to limit the use of green spaces that are reserved for schools. Cities tend to react in a reflexive manner.

Installing community mailboxes in the few public spaces available in cities will certainly be a collective loss for the communities. That's why it's important to engage municipalities in advance to ensure proper planning, particularly regarding land use and neighbourhood design. That is essential.

When considering the future of Canada Post's service offer to ensure service delivery in communities, it's important to engage local stakeholders to determine the placement of post offices if reform will not involve closing down the offices.

It would be a good idea to consult communities to determine the most strategic placement in response to potential concentration.

[English]

Hon. Jenna Sudds: Excellent.

[Translation]

Thank you very much.

Can you tell us about the support you received from Canada Post during the recent labour disputes?

Xavier-Antoine Lalande: We didn't get much support from Canada Post.

Hon. Jenna Sudds: Okay.

Thank you.

[English]

The next question I have is for Mr. Deegan. You made a comment specifically about the challenges, in the most recent labour disruption, around unaddressed mail. I'm wondering whether you can speak more specifically to what that looked like and your thoughts on the path forward.

Paul Deegan: In the latest disruption in September, the CUPW decided not to deliver unaddressed mail. Weekly community newspapers are, typically, unaddressed mail, and so, if the target were to hurt or pressure the company by not delivering flyers, unfortunately, we were collateral damage in that. Community newspapers weren't being delivered by Canada Post. Especially in more rural and remote areas, this is absolutely devastating. Again, if you're a newspaper owner, you have to make a decision on the fly, "Am I going to print this week or not?" If you can't distribute them, you've just wasted your money. Again, it's that uncertainty with advertisers as well.

I know the CUPW is coming up after us on the next panel, and I hope you'll implore them that, if they do take action against things like flyers, they will still deliver unaddressed community newspapers along with the regular letter mail.

• (1150)

Hon. Jenna Sudds: Thank you for that. I know that many of us around this table were very familiar with some of the challenges during the action around unaddressed mail. I would maybe probe a little bit further. There was a comment around how the economics of digital just don't work and how real news costs real money. As we move forward in this digital age, and we think about the future and the adoption that Canada Post is also considering around digital, what would success look like for you when it comes to Canada Post reforms?

The Chair: You have only about 20 seconds for a response, so please keep it short.

Paul Deegan: Maintaining delivery, especially rural and remote delivery, is absolutely vital for our members. It's critical. It's just not economic to hire your own carriers to deliver where there's vast geography. It just doesn't make sense. There should be one single delivery point in those areas, and it's got to be Canada Post.

The Chair: Thanks.

Madame Gaudreau, go ahead, please.

[*Translation*]

Marie-Hélène Gaudreau: Thank you very much, Mr. Chair.

I'd like to come back to the essence of any reform. Earlier, I heard about the need to avoid a one-size-fits-all solution. If we don't want that to happen, there should be consultation. There are 40 million Canadians and 17 million addresses, and the number is going up consistently.

My understanding is that you want municipalities to be consulted.

Have you been consulted in the past? Canada Post has been in a deficit for years.

Xavier-Antoine Lalande: There was a voluntary consultation process. It was not mandatory. Beyond consultation, co-operation among all levels of government is essential.

I listened to what News Media Canada representatives had to say. Mail is a tool of democracy, a tool for sharing information. It's of benefit to municipalities and the media.

Along with the principle of co-operation, I think it's important to consider a system that protects these important values.

Marie-Hélène Gaudreau: The main thing is not to bring you that burden and ask you to deal with it. That's why consultation is very important. I didn't occur to me that blue-collar workers would be expected to pick up flyers strewn around the ground next to mailboxes.

For the benefit of the people watching us, I think the message is clear. You need to be at the bargaining table to demystify all that. There cannot be a one-size-fits-all solution. It will vary across Quebec and Canada.

Do you have anything to add to your suggestions?

Xavier-Antoine Lalande: I'd reiterate the need for a collaborative approach with communities in Quebec and across Canada. There are also land use planning challenges. Moving a postal service does not mean that problems will disappear.

I think everyone deserves to be consulted, or at the very least, to be a stakeholder in the decision-making process on the future of Canada Post.

Marie-Hélène Gaudreau: Thank you very much, Mr. Chair.

Thank you, Mayor.

[*English*]

The Chair: You were right on time. Thank you very much.

Witnesses, thank you for joining us today. I appreciate all the feedback and the time you've given to this committee.

We'll suspend for about five minutes to excuse this group and bring in our new witnesses.

• (1150)

(Pause)

• (1200)

The Chair: Colleagues, we are back. Thank you for your patience.

We welcome our new witnesses. We'll have five-minute statements from both groups.

I'll start with you, Mr. Jones, and then we'll go to Ms. Simpson. The floor is yours, Mr. Jones, for five minutes.

Dwayne Jones (National President, Canadian Postmasters and Assistants Association): Good afternoon, and thank you to the committee for inviting me to speak on a matter that is near and dear to my heart.

My name is Dwayne Jones, and I am the national president of the Canadian Postmasters and Assistants Association, CPAA. We represent more than 8,500 Canada Post employees, all of whom work in rural, remote and northern communities. Our members operate more than half of the post offices in the country, often serving as the only federal employees in small towns, remote villages and northern communities. For thousands of Canadians, the post office is not just a workplace; it's the heart of local life.

I presented to this committee last year to warn that the stability of rural postal services was at risk. Unfortunately, those risks have only deepened. Canada Post is moving forward with the transformation process that could reshape and, in some cases, eliminate the services that sustain rural and northern Canadians, yet no costing, no economic or service impact analysis, and no meaningful consultations have been made public. Without transparency, the transformation process risks excluding the communities that need it the most, and it feels less like a modernization plan and more like a pullback from essential services.

Rural post offices do more than deliver mail. They are a lifeline for farmers, local producers, indigenous creators and small business owners, allowing them to send and receive goods, to keep operations running and to support their communities. In many places, if Canada Post does not deliver it, it simply does not get there. Take Cumberland House, Saskatchewan, for example. This is a remote community that can be reached only by plane or a road that is sometimes passable, depending on the weather. Its post office serves 511 points of call for a population of just over 540 and also provides service to the Cumberland House Cree Nation. If this post office were to close, residents would have to travel nearly 150 kilometres to Carrot River to access postal services.

In communities like this, when the mail stops, medicine delivery stops, businesses stop and connections to the rest of Canada are severed. Despite this, Canada Post's own costing report confirms that rural delivery is the most cost-efficient part of its operations, averaging just \$61 per address per year. Cutting these services will not save money; it will deepen inequities, reduce access and erode public trust in one of the few institutions that has reliably connected Canadians for over 150 years.

For our members, these decisions are deeply personal. Over 92% of CPAA members are women, many running their offices from their own homes at their own expense. Their work sustains local economies. It keeps small businesses alive and provides stable employment in communities with few opportunities. When hours are cut or offices close, it's not just a service that disappears; it's a job, a livelihood and often the beating heart of a community.

That is why we are asking the federal government to commit to the following three actions.

The first is transparency and consultation. We are asking the government to conduct a transparent consultation process before any closures occur, ensuring that no community lifeline is cut off.

Second, we are asking that the government extend the 45-day review period to at least 100 days, and confirm that the current moratorium remains in full effect during that time.

Third, we are asking the government to guarantee a minimum access distance standard for postal services that is tailored to each region, safeguarding the jobs of rural postmasters and assistants.

Canada Post has an opportunity not just to protect but also to reimagine and modernize rural post offices. Pilot projects in Ontario and Saskatchewan show that these offices can serve as community hubs, offering government services, financial supports and even EV charging stations. These are practical ways to sustain service while expanding value for Canadians.

At a time when much of Canada feels disconnected and communities are isolated by disasters or limited broadband, the post office remains one of the few threads physically binding this country. The Canadian flag above the post office symbolizes the federal presence, and beyond symbolism, Canada Post has a legal obligation under the Canada Post Corporation Act and its universal service mandate to provide postal services to all Canadians, including those in rural, remote and northern communities. This duty cannot be compromised in the name of cost-cutting.

Thank you, Mr. Chair. I would be happy to answer any questions.

• (1205)

The Chair: Thanks, Mr. Jones.

Ms. Simpson, please go ahead for five minutes.

Jan Simpson (National President, Canadian Union of Postal Workers): Good afternoon, committee members and everyone watching online.

[*Translation*]

Thank you for inviting today me to contribute to this study.

My name is Jan Simpson. I am the national president of the Canadian Union of Postal Workers.

[*English*]

For nearly two years, postal workers have been at the bargaining table fighting to protect strong public services, defend good jobs and build a sustainable post office for the future. Instead of real bargaining, Canada Post management has relied on frequent government intervention to push through its own agenda.

On September 25, Minister Joël Lightbound announced sweeping changes that will gut the public post office, eliminate thousands of good unionized jobs and cause real hardship in communities across this country.

Postal workers were shocked. The announcement directly interfered with collective bargaining and gave management the green light to rewrite our agreements without negotiation and without the union.

The Kaplan report also ignored the voices of workers, communities, municipalities, charities and small businesses. Kaplan's recommendations are almost identical to Canada Post's own plan and echo cuts proposed by the Conservative government in 2013. I would be pleased to discuss this in greater detail during question period, since my time is limited to the opening.

No other country in the world has completely eliminated to-the-door delivery. Canada should not be the first, yet this government seems determined to make that its legacy. This is not our idea of a proud heritage moment.

More than half of Canadians still receive to-the-door delivery. Those with community mailboxes know the downsides: safety concerns, accessibility barriers, litter, graffiti, ice and snow buildup, and even environmental impacts, to name a few.

Seniors and people with disabilities, who account for over 40% of the population, will be the hardest hit. They rely on this service to stay connected and to be independent. Canada Post simply can't make alternative delivery arrangements for 40% of the population, despite what the minister says. The delivery accommodation program, which the minister repeatedly referenced in his testimony, is not a real solution. It's a complicated process that sometimes requires personal health information from a physician at a time when millions of Canadians don't even have a family doctor.

At the same time, Canada Post says it needs to grow its parcel business. However, Canada Post has not provided a plan to show how this will be done by cutting jobs or to-the-door service. In fact, market research has shown Canadians prefer parcels delivered to their doors, so why would we eliminate to-the-door delivery? No other courier is doing that. Cutting delivery to the door will only drive customers away and increase the use of private couriers, who do deliver to the door. Private couriers can be very cost prohibitive.

It didn't have to be this way. Canada Post's own financial reports tell a different story than the one we keep hearing. Losses this year are almost entirely due to lower parcel volumes. If volumes had stayed steady, Canada Post would be close to breaking even in 2025.

Canada Post points to the ongoing labour dispute as a major reason for these lower volumes and losses. That means reaching fair collective agreements would do more to stabilize revenues than any cost-cutting plan ever could. It's important to note that labour costs have remained flat for years. It's the non-labour operational costs that have increased.

Despite this, Canada Post plans to spend, up front, at least \$1.6 billion converting four million homes to community mailboxes. It will cut services and also jobs, jobs that support local businesses, communities and our national economy. In today's uncertain economy, cutting good union jobs is economic self-sabotage.

Postal workers have always been part of the solution. We've proposed revenue-generating ideas for years, more recently at the bargaining table and the industrial inquiry commission. The recent stamp price increase, which CUPW has proposed for years, has already generated \$376 million in new revenue in the first two quarters alone. Why are we cutting services that work? Why not give

Canada Post a chance to recover and grow sustainably with a real plan to increase parcel volumes and restore public confidence?

The government's decision to implement the Kaplan report will have lasting negative consequences for workers, communities, charities and businesses, and for the public post office itself, but it is not too late to change the course. We can still have a different path. Let's honour collective bargaining, commit to a transparent and public mandate review, and let Canadians decide what they want and need from their public post office. Let's reverse the cuts and invest in the future of our public postal service.

• (1210)

Together, we can build a stronger, more sustainable Canada Post, one that continues to serve every Canadian, in every community, for generations to come.

I would be pleased to answer any questions, share real-life impacts of these changes and expand on any points I have made in my presentation.

Thank you.

The Chair: Thanks, Ms. Simpson.

Mr. Patzer, go ahead for six minutes, please.

Jeremy Patzer: Thank you very much, Mr. Chair, and thank you to the witnesses for coming today.

Mr. Jones, you talked about your three points. One thing you said was a minimum distance access. I'm just curious what that distance is. Maybe you could just elaborate on that.

Dwayne Jones: I know picking an arbitrary number would be difficult. We place importance on the communication from the communities. An example is if Canada Post was to consider going to a reduced delivery mode per week for a community that is isolated and remote. Let's say they went to a Monday and a Wednesday type of delivery instead of five days a week. If residents were expecting medication on Wednesday, but inclement weather blew in, what would be the contingency plan? Would it be a next-day delivery or would they have to wait until Monday to see if the weather cleared for that?

We would be interested in having the communities be able to weigh in on their unique situations.

• (1215)

Jeremy Patzer: For some more clarity, what is your definition for "rural"?

Dwayne Jones: There isn't a clear definition that's been put forward on all fronts when it comes to rural. This is where, again, the uniqueness comes in with the communities. The one example that I alluded to is that they can be reached by air but also by a road that's dependent on weather. Some things that we've covered, even with our collective agreement, are the distances—a 50-kilometre radius, for example.

Maybe Alison wants to touch on that.

Alison McEwen (Legal Counsel, Canadian Postmasters and Assistants Association): I understand your question. You're saying you need a minimum service standard. The difficulty with finding that is that lots of CPAA offices are very remote, and each one is individual. We can have two offices that are 30 kilometres from each other, but if they're both fly-in, they might as well be 300 kilometres from each other, as that 30 kilometres of bush is not passable or only passable for certain months a year. Two offices that are 30 kilometres apart on a 400-level highway would be different.

I think part of CPAA's approach is that there isn't a number for the minimum service standard. We can't come in here and say that you need a post office every x kilometres. Each region will have to be looked at to figure out what's realistic, if that makes sense. It will vary from region to region.

Jeremy Patzer: Yes, for sure. I think part of it goes to the population numbers as well. I think you've described very well what would probably fall more into a remote community situation.

I represent a large part of rural Saskatchewan. I have over 130 communities, which means I probably have close to over 100 post office buildings. In some of the larger urban centres, they might still be considered rural, even if they're not. Again, I'm just trying to get that sense from you as to what "rural" truly means, and if there is actually a population number that might be attached to the size of a community, or on how far it is from a large urban centre, things like that.

Alison McEwen: We've talked about that, too, internally. The difficulty is it could be the size of the office—our bigger offices are more likely to be urban. It could be the size of the community. There's a really interesting community in B.C. called Bella Coola. That's actually one of our bigger offices and a bigger centre. You can only access it by one highway, and it's very far from anything else. I think the idea we're pushing is that, of the 3,000 offices in CPAA, almost all of them are rural, and unfortunately we're going to have to look at them piece by piece. Bella Coola has what we call a 6B office, which is one of our biggest offices. You would think, oh it's big, it must be somewhere close to an urban centre, but it's not.

I'm genuinely not trying to be difficult; there's no easy answer. That's the point we're making. There is no easy answer that it's the bigger offices or the ones within 20 kilometres of each. Each grouping in each area really has to be looked at. Like your 130 communities, each will have a different story to tell.

Jeremy Patzer: For sure.

In 2016, the Minister of Public Services and Procurement launched an independent review of Canada Post. That report definitely paints a picture that, I would say, there were some warning

signs that were put up about the direction and what the future of Canada Post would look like, yet, from 2016 onwards, really nothing was done.

How concerning is it to you that, even in an independent report 10 years ago, there were already warnings from the current government and nothing was done? What pressure does that give to your members when the map and the warning signs were there and nothing was done? How damaging was that for your members?

The Chair: I'm sorry, but there's no time left for an answer.

We'll go to Ms. Khalid.

Welcome back. You have six minutes, please.

Iqra Khalid (Mississauga—Erin Mills, Lib.): Thank you very much, Chair.

Thank you to the witnesses for your time today.

A long time ago, Canada Post was privatized during the Mulroney days. It has now become an institution that deals with three main stakeholders, from my understanding. We have citizens who are looking for service. We have employees who are delivering that service and then we have the executives who are running the organization in somewhat of a business model that has not made any profits since 2017.

I think there are a number of different aspects that I'd like to explore a little bit in that framework, and I'll start with Ms. Simpson.

Ms. Simpson, in today's gig economy, how are employees of Canada Post being dealt with? What are the innovations that the organization is able to provide for what the gig economy is looking for right now?

• (1220)

Jan Simpson: Thank you.

Canada Post hasn't been privatized, and we'll make sure that we don't have a pathway to privatization during this committee meeting right here. We don't want a gig worker economy at Canada Post. We need to ensure that workers are lifted up and that the next generation of workers also has good sustainable jobs.

For us, Canada Post has an opportunity to be a role model for other companies and to ensure that good jobs stay within the community, good public service jobs as well, and to grow and sustain Canada Post to deliver beyond just letter mail but also do parcels and expand services with postal banking. We saw the gentleman before who was having Internet problems. Part of our campaign is around improving the Internet problems as well.

We talked about community hubs. I've had the privilege to go to Yellowknife, where I worked. It was across the street from where—

Iqra Khalid: I'm sorry, my apologies. I want to talk specifically about the new generation of workers that Canada Post is hiring, the labour laws and the innovations around the workforce specifically. Can you please answer that?

Jan Simpson: I think Canada Post this round wants to go to weekend part-time workers, and we don't support that for us. They have the ability to do the weekend-delivery model with full-time employees. Bringing in new employees would be a cost burden to Canada Post and will give instability to new young workers when they come with only a one-day or two-day work week. They want the workers to stay the entire day while not guaranteeing them work; therefore, you have no ability to have a work/life balance. Also, a lot of folks have to have two and three gig jobs, and nobody should have to be doing that in Canada right now.

Canada Post has the ability to have good, unionized jobs for these workers. When I began at Canada Post, it was a way for me to raise a family and to pay my rent. I've been able to visit workers in Windsor, Ontario, and one gentleman was telling me that he's going to the food bank on a regular basis now. Also, some are living in their cars. One gentleman in the Atlantic region is living in a tent in the forest. These gig jobs are not what Canada Post should be replicating. We should be replicating good, full-time jobs.

Iqra Khalid: Thank you.

Mr. Jones, do you have any comments on what Ms. Simpson has said?

Dwayne Jones: I don't directly on what Ms. Simpson has said, but I would add to it in regard to our members. For years, the offices have worked with Canada Post to try to tailor those offices for the members in those communities. We've had services available on Saturdays and, in some areas, that wasn't feasible. They would prefer a late evening, say on a Thursday evening, and that's how the consultation process took place to be able to shift that for the community's needs and what's required.

That's something that we would still promote to this day as being profitable for CPC because their tailoring is specific for that community.

Iqra Khalid: Mr. Jones, between these three stakeholders—the citizens requesting delivery, the employees who work for Canada Post and then the executives who manage the entire organization—what do you think is the biggest challenge that the organization faces right now, knowing that it is not making a profit and delivery isn't that great either?

Dwayne Jones: I think one of the biggest things is the disconnect between the company and the members of the community. I still come back to the idea that allowing members in the community to help draft and shape the way forward is the most profitable way for CPC to move ahead. They could tailor services that they could expand in that area. For example, some of the financial services could be looked at or it could be adding broadband into a community that is suffering in that regard.

There are ways that CPC could leverage just the makeup of that community itself.

Iqra Khalid: I appreciate that.

Ms. Simpson, do you have anything to add to what Mr. Jones has indicated?

Jan Simpson: With Canada Post trying to eliminate door-to-door delivery, it's going to actually make deliveries to the homes in the rural and remote areas slower... and even within the urban communities. We know that urban communities are the ones that help with the cost of paying for the rural deliveries as well.

For us, it's really important for Canada Post to have a full public mandate review and to have the citizens talk about what they need within each individual community. We heard in Quebec that each area is different. Across this entire country that we live in, every area is different.

We need to have full, public, transparent consultation with all the stakeholders that you just spoke about in your intervention.

• (1225)

Iqra Khalid: I agree a hundred per cent.

It is interesting. As a government entity or arm's-length body, Canada Post operates as kind of a heritage piece. Government and organizations like Canada Post are not in the business of making profits. They are in the business of service delivery on behalf of Canadians. However, in this way, we are finding conflict between these three different stakeholders.

Mr. Jones, can you maybe help us understand what the number one thing is that you think our government can do to provide—

The Chair: I'm sorry. I have to interrupt. We're past our time, Ms. Khalid.

Madame Gaudreau, please go ahead.

[*Translation*]

Marie-Hélène Gaudreau: Thank you very much, Mr. Chair.

We have just heard from a representative of the UMQ. He spoke about the need for consultation. He also said that the government should avoid a one-size-fits-all approach throughout the country.

I've got a two-part question for you.

First of all, do you agree with these two observations, and if so, why?

[*English*]

Dwayne Jones: I was having a hard time with the translation coming through. Could you repeat it, please?

[*Translation*]

Marie-Hélène Gaudreau: According to the representative of the UMQ, it's important not to have one approach everywhere, and it's also important to have consultation.

I'd like to know your opinion about that.

[English]

Dwayne Jones: Something that we have stressed with Canada Post for years is that a lot of times, when they take a one-stop shop approach to things, it's usually based off more of an urban template, which doesn't correlate well with rural Canada and rural Canadians. That's where, to me, there needs to be some flexibility in that you may have the bare bones from that template, but you need to be able to tailor it specifically to the regions.

We know that in northern Quebec, there's individual uniqueness in those communities that comes to overcoming what kind of a strategy would be best put in place to keep those Canadians connected with the rest of Canada.

[Translation]

Marie-Hélène Gaudreau: I agree completely, Mr. Jones.

Ms. Simpson, can you answer my last question on the consultation process and the need to avoid a one-size-fits-all approach across the country?

Jan Simpson: Thank you for your question.

I'll respond in English.

[English]

For us at CUPW, it's really important for Canada Post to do a full public mandate review because every area is unique and different. We have different demographics of age, as well as different people. For example, in a rural and remote area, Canada Post may be the only federal building in that community. You're able to make it into a community hub, which will help Canada Post expand services and bring in revenue as well.

Canada Post is not supposed to be making a profit. It is supposed to be sustainable and serve Canadians no matter where they are. By having this one-stop shop for a plan will not be good for any Canadians. We need to ensure that it is a full public mandate review that has everybody giving their input and has the lived reality of different locations, so that all Canadians are serviced properly by Canada Post, which is its mandate.

[Translation]

Marie-Hélène Gaudreau: My understanding is that you need to be consulted. The approach must be tailored to different realities. I'm thinking about the Basse-Côte-Nord and the Îles de la Madeleine. Some regions have mail delivery twice a week. However, this is not sufficient, for example, if someone is expecting a medical device that they need for a stoma. The situation becomes urgent.

What must be understood and what I wasn't aware of, is that Canada Post is the only organization that provides mail service. I expect to see the report reflect the fact there can be one approach for urban areas and for regions that are not too far-flung, but the approach must reflect each region's reality.

Let's turn to essential services and costs. At the last meeting, I told the minister about the German model.

However, I'm a bit concerned about the current relationship with Purolator.

Do you think the German model is an inspiring model, or on the contrary, do you think it raises concerns?

We would be heading towards privatized services and inclusive services from coast to coast to coast would no longer be offered.

What do you think about that?

• (1230)

[English]

Jan Simpson: For us, the German model would not work here in Canada. We're a bigger demographic and we have rural and remote areas that we have to also cater to that are different from what Germany has.

In regard to the Purolator problem we have, we see two top Canada Post executives sitting on the Purolator board of directors. That, to us, is a conflict of interest, because we're watching, during these negotiations, that work is being moved from Canada Post to Purolator and the profits that Purolator is making are actually very similar to what Canada Post is losing—

[Translation]

Marie-Hélène Gaudreau: I'm running out of time and I'd like to ask you another question.

Can you tell us more about the conflict of interest?

[English]

Jan Simpson: If you're sitting on the board of directors of Canada Post and also on the board of directors of Purolator, it's a conflict, because it's the exact same business. When I joined Canada Post, I could not work for, say, Shoppers Drug Mart as a part-time job. Here, you have intellectual knowledge of the work happening at Canada Post and then you're bringing it to Purolator as well.

We did bring it up as well with Mr. Steven MacKinnon, the former minister of labour, when we first heard about this. For us, this is a problem, because the work that we're losing is going to Purolator, and then we see Canada Post taking a loss. Instead of coming to the table and bargaining good collective agreements that bring stability to the entire country, they're moving work over there at a 65% discount rate. Also, large-volume mails are being given a 45% discount rate as well, so for us, they need to come to the bargaining table and bargain collective agreements that are actually ratifiable. That would allow us to be able to bring the work back to Canada Post, bring stability to all the people across this country and to the workers, and help to grow the post office as well.

There are also people who have left Canada Post and have left SCI, a subsidiary of Canada Post that they sold not too long ago, who also sit on the board of directors of Purolator, so you have a lot of people there who know Canada Post's intellectual workings and their intellectual properties, and here they are sitting on the board of a direct competitor company and doing this work.

[*Translation*]

Marie-Hélène Gaudreau: I'm flabbergasted. I really didn't know that.

[*English*]

The Chair: Thanks.

Mr. Gill is next.

Harb Gill (Windsor West, CPC): Thank you, Chair.

Thank you to the witnesses for appearing.

Mr. Jones, let's start with the basics. Are Canadians in rural and smaller communities still getting a reliable postal service, or have the standards slipped?

Dwayne Jones: I would say that rural Canadians have come to love and appreciate the postal service they've received and stand behind it. I think that feeds in to why the Canada Post name is as strong as it is today, so I would say that rural Canadians are receiving good service, reliable service.

In terms of the expectation going forward and how that's going to be affected, I think Canadians would need to be able to feed into the proposed change. If a reduced model was going to be looked at again, how would that affect the members of the community? If you have a community that is primarily seniors, having them travel any distance to pick up items is problematic, but I think that overall, they stand behind Canada Post.

Harb Gill: With the changes you're talking about, does Canada Post generally consult with postmasters or do you just find out after the decision has been made?

Dwayne Jones: In the communities themselves, when it comes to the consultation process, most of the time it's the union that's consulting with the corporation. The amount of input they take directly from the employees is minimal. When it comes to their public outreach to the community, it seems like it's a tailored approach. We would like to see that expanded more to receive from a broader number of residents within that community.

• (1235)

Harb Gill: With respect to how Canada Post has a legal duty to serve every Canadian, from your perspective is that mandate still being honoured, or it is being quietly watered down?

Dwayne Jones: There may be early signs of erosion to it, but especially in the direction.... I'm going to go back to when there was no moratorium in place. We saw 1,500 communities lose their post office.

That is why one of the recommendations we're recommending is that the 45-day window be extended to 100 days and to enforce the full moratorium until those consultations have taken place. We don't know what the ramifications would be to future communities if there were no safeguards or established parameters.

Harb Gill: With respect to modernization, that's been discussed here quite a bit. We all agree that Canada Post must modernize, but where's the line between modernization and abandoning your core public service mission?

Dwayne Jones: I think it's a tight balance and a bit of a tightrope walk.

Again, I'm going to reiterate the importance of hearing from the community, because in some areas you may find that literally on-minute tracking a parcel is the most crucial for that community, whereas in others it's not so much the online tracking that's the pinnacle, but the flexibility in the hours when they are able to go and pick up items. This is where allowing a bit of the flexibility to come from the members of the community to speak to that, I think, is where Canada Post can zero in and see the most bang for their buck.

Harb Gill: Very good.

Ms. McEwen, you studied the contracts and legislation. What are the legal obligations that Canada Post has in that it needs to maintain equitable service across this country? Are those being met?

Alison McEwen: I think that's an interesting question, and I think we all have to remember the universal service obligation.

I do have concerns that, as Mr. Jones has alluded to, before the moratorium, 1,500 communities lost their post office. Even post-moratorium, 500 rural offices have closed, just through a variety of ways. I think we have to be very mindful about what this means for Canada Post's legal obligations and what it means for rural Canadians.

I think that's part of what CPAA is saying. There is not going to be one size that fits all. We can't say it's any office "this big or over". We can't say that any community "this big or over" is now urban. We can't say it's anyone who has a post office within 50 kilometres.

You really have to look at these communities, because the 3,000 CPAA offices are very different.

The Chair: I'm afraid I have to cut you off there, because we're past our time.

Ms. Rochefort, please. You have five minutes.

[*Translation*]

Pauline Rochefort (Nipissing—Timiskaming, Lib.): Thank you very much, Mr. Chair.

[*English*]

My riding is Nipissing—Timiskaming. My community is a mix of urban and rural and, certainly, the post office is very important. Years ago, my family had the first post office in our community.

I feel that in my community, as I mentioned in the last committee meeting, they understand that there's a need for change, but it's certainly a vital service. We need to protect it, and we need to be able to move forward. My questions are basically, to some extent, about how we move forward.

From a rural perspective, Mr. Jones, I'm interested in understanding the accommodation services and how they would work in rural Canada. We do have a fairly senior population. I understand as well that Canada Post will potentially be looking at ways to examine and potentially re-examine that service as needed, if required.

How would you see it? How would you see accommodation services functioning in rural Canada?

Dwayne Jones: I think the biggest step would be the initial one, and that's where, if there's an openness from the corporation to embrace what the community has to stay, it will go a long way to helping them apply that in the field.

Hearing from the communities what's most crucial and important for them would be the biggest step forward. Again, if they try to take a one-stop shop template and apply it to all rural areas, we're going to be facing the same hurdles we're facing today. We know it's not a proven track record, and we need to adjust and accommodate.

I think, for allowing the members in rural Canada.... Again, I'll go back to the importance of online tracking. That might not be their biggest push; staying connected through, say, three-day delivery in that area may be more important to them than being able to track the parcel.

Trying to fit those who aren't technological in their thinking into a mould that's going to have to be run that way is problematic. Again, we still have members who come in and buy a single stamp because that's their daily routine, and they're going to continue that until they can't. It's thriving in that area and in that community. They need to recognize that and build on it.

• (1240)

Pauline Rochefort: Thank you very much.

Madam Simpson, I was looking forward to meeting you, because I view you as Wonder Woman.

You have a very large organization and the views are different across the country. How do you manage that?

Jan Simpson: Thank you very much.

As a union, we have eight regions across the country, and everybody's reality is very important to us. We have a national executive board. We meet, have conversations and consult on what the members and the Canadian public feel across the country.

We have our Delivering Community Power campaign, which took us into all communities across this country and allowed us to hear what Canadian citizens want their post office to look like. Nobody asked us to cut door-to-door delivery. People actually want increased service.

Canada Post needs to start delivering more parcels, and for us, bringing the parcel to the door is the model our competitors are using. By eliminating door-to-door delivery and going to community mailboxes, you're taking away your competitive advantage and, therefore, pushing away profits that Canada Post could actually have.

Pauline Rochefort: By whom is Purolator owned?

Jan Simpson: Canada Post owns over 91% of it, and the government also owns part of it.

Pauline Rochefort: Thank you for that precision.

Moving forward, it seems to be, obviously, that we all see the disconnect between the union's perspective and that of Canada

Post. Does the union see a way forward, and if so, how do you see it moving forward?

Jan Simpson: We're looking forward to going back to the table. I've spoken to Mr. Ettinger. We're going to go back to the table and try to bargain ratifiable collective agreements.

The government has intervened a lot in this round of bargaining, and it has hindered our bargaining. You delayed our bargaining and created more instability for the Canadian public in taking away our right to strike, having the commission and then, also, having the forced vote. That was lost, but we were successful because 70% of our members said the collective agreements that were being put forward to them were not ratifiable.

I see the union and Canada Post working together by coming back to the table and bargaining ratifiable collective agreements, as well as by having true consultation with the Canadian public about how they see their public post office moving forward to bring back good services and expand services at Canada Post to bring in revenue, right now, for the company.

The Chair: Thanks very much.

Ms. Gaudreau, you have two and a half minutes, please.

[*Translation*]

Marie-Hélène Gaudreau: Thank you very much, Mr. Chair.

I'm speechless. I find that the system is not working as far as governance is concerned.

As business people, I know that in the world of business, conflicts of interest must be disclosed and resolved.

How can Canada Post board members sit around the same bargaining table with board members of a competitor? Some of them could have privileged information.

It has been said that Canada Post mail delivery is in a deficit, but I'd like to see the numbers. In contrast, Purolator is raking in big profit. And I've just learned that they all sit around the same table. I think that even Mr. Hudon is there too.

That is something that needs to be demystified. There are no consultations, and there is a relentless effort to encroach on provincial jurisdiction. As I said earlier, there are 41 million Canadians and 17 million postal addresses. Canada Post is a treasure.

However, there are suggestions to emulate the German model. Postal services will be contracted out and they will become competitive. However, it's clear that the Basse-Côte-Nord and other far off areas like the Îles de la Madeleine would no longer have delivery service because these areas are only served by Canada Post.

Honestly, the only thing I understand is that the status quo cannot be maintained. Are you ready to dismiss the Kaplan report? Surely there must be some worthwhile stuff in that report.

For the purposes of the report that the committee will prepare, I'd like you to tell us what measures should be implemented and what steps should be taken to make our model sustainable.

● (1245)

[*English*]

Jan Simpson: I'll have my colleague answer.

The Chair: I'm afraid we don't have time for a response, unless you can do it in about five seconds. However, we welcome written submissions to the committee. You can provide one—the same goes for you, Mr. Jones—if there are any outstanding questions you want answer.

Jim Gallant (Negotiator, Canadian Union of Postal Workers): Can I give a 10-second response?

The Chair: Be very quick.

Jim Gallant: The 10-second response is that you're shocked because you have not talked to the union. Parliamentarians are starting to talk to the union, and that's what needs to happen, because everything you're being told by Canada Post is not the truth.

The Chair: Thanks. We still welcome any written submissions as well.

We'll go to Mr. Patzer for five minutes.

Jeremy Patzer: I'm going to cede my time for this round to Mr. Boulерice.

The Chair: Okay.

Go ahead, Mr. Boulерice.

[*Translation*]

Alexandre Boulерice: Thank you very much, Mr. Chair.

I'd like to thank my colleague for ceding this important speaking time.

I'd like to thank our guests from union.

I'll continue with the discussion on the potential conflict of interest.

Canada Post's market share is dropping even as Purolator's share of parcel delivery is going up. We know that this is the most profitable postal business.

However, Canada Post's CEO is on Purolator's board of directors.

With this particular case of potential conflict of interest, is it possible that Canada Post has been deliberately set up to lose money?

[*English*]

Jim Gallant: Yes, that is true. At the bargaining table, Canada Post has told us it thinks it can contract out all of the parcels it delivers in Canada. That's part of the problem the union faces at the table.

We see the conflict of interest in a deeper way. We have somebody sitting at the table who wants, for lack of a better word, to water down a collective agreement and gut the service. That's their objective, at this point, and they use their yearly reports to do that.

It's very easy for any company to show it's overspent. While we're sitting here today, parking lots are being paved at post offices and things like that. It says it's losing \$10 million a day, but it's spending more than it's bringing in, and that's not good for any business. It's not good for a public service.

The union has given ideas. Ms. Simpson said in her opening that \$376 million was added to the revenue in the first two quarters because Parliament approved the raise on postage that began on January 13 this year. If you extrapolate that over the year, Canada Post would have had somewhere around \$1 billion in new revenue had there been collective agreements signed and stability brought back to the post office.

[*Translation*]

Alexandre Boulерice: What you're telling us, Mr. Gallant, is that the picture that the minister painted for us last week is not consistent with the reality.

You're saying that Canada Post took him for a sucker and only told him what they wanted him to hear or understand.

[*English*]

Jim Gallant: The post office has not been genuine with parliamentarians, with the government. Everything is shaded. It started off that they were losing. They went from 62% to 29% of the e-commerce market. Now they've changed their narrative, saying that they've lost all of their parcel market. It's ever-changing. If people don't pay attention, they will make it so that we lose this service, when it could be profitable as it stands.

● (1250)

[*Translation*]

Alexandre Boulерice: Thank you, Mr. Gallant. That's an important piece of information.

The Liberal government has announced the end of home delivery service. This reduction in service affects 4 million Quebecers and Canadians directly. It also means the loss of good unionized jobs. The minister can say that cutbacks will be done by attrition, but we know that attrition means that a young person will not get access to a job at Canada Post.

Based on your assessments, how many good unionized jobs will be lost through the end of home delivery service?

[*English*]

Jan Simpson: Many thousands of good unionized jobs will be lost with this plan, which the government wants to put forward. For us, they've made \$376 million in the first two quarters. They have the ability to bring back the parcels and to grow the business. There's no need, at this time, for Canada Post to look at cutting any services.

We need to have the full public mandate review so that we can actually hear what's needed by Canadians and have actual accurate information provided so that we can all assess it. We haven't heard the numbers for what they're bringing in. We've only heard what they've lost, the narrative of \$10 million a day. How much are they actually bringing in, though?

At the IIC, Mr. Kaplan's report follows what Mr. Ettinger said. They're going to make \$80 million a year with a stamp increase this year. We saw them make \$376 million in the first two quarters. That's almost four times off what he actually projected it to be.

[Translation]

Alexandre Boulerice: Perhaps I have time for a final question.

Ms. Simpson, you suggested diversified sources of revenue for Canada Post. Mr. Jones told us about government services in rural post offices.

What would the union recommend to increase Canada Post's revenue to ensure the continuity of this very essential service?

[English]

The Chair: I'm afraid we are past our time, Mr. Boulerice.

Again, I welcome a written submission. We've heard it before in this committee, but perhaps you can provide an updated one in writing to the clerk. We'll have it put in both languages and sent out to everyone.

Mr. Gasparro, we'll finish up with you.

Vince Gasparro: Thank you very much, Mr. Chair.

Thank you all for coming. It's greatly appreciated.

A lot of us have talked about how we don't want to see Canada Post continue to be an ongoing concern, not only for us but also for our kids and our grandkids. Obviously, the mail business has changed. We've seen it globally. This isn't a Canadian issue; it's a global change. In mail delivery by Canada Post, over the last few years, we've seen a decrease from five billion pieces of mail down to two billion. The increase in the stamp rate, as was mentioned, could be a solution. The other side of the equation is that it could accelerate the decrease in mail that's being delivered.

What I'd like to really get a sense of, from your perspective, is this. How do you envision Canada Post operating in, say, 2050, when our kids and grandkids will be looking to Canada Post? I really just want to focus on the future. Let's not look backwards. What does a future Canada Post look like that Canadians can continue to enjoy and to utilize, while at the same time being sustainable economically?

Jan Simpson: For us, Canada Post has to consult with the Canadian public. That's number one. We see a change in the country. Houses are growing and apartments are growing, but we need to have to-the-door delivery. We know that Canada Post's biggest profit will come off of the parcel delivery model. We see the competitors going to the door multiple times a day. Canada Post is actually doing last-mile delivery in the rural and remote areas where these companies cannot go.

For me, the vision is of a public post office that's inclusive of all Canadians and that meets its service mandate to serve all Canadians no matter where they live. It's not to be cutting back. We know that there is an aging population happening right now. Having community mailboxes at these homes will increase the number of people who won't have access to their own homes and live independently. Since Canada Post implemented the community mailboxes and the disability program to get accommodations, only 17,000 households have been approved for this service. For us, that's not enough.

You need to consult. For us, you need to negotiate collective agreements that are ratifiable. We heard that it is very important for these rural and remote areas and for municipalities to have delivery of their newspapers as well. Unfortunately, Canada Post didn't consult with us when they changed the classification of the newspapers.

For me, it's a public post office that serves Canadians no matter where they are. It's inclusive. It doesn't provide a "gigafied" workplace. We know that weekend work is very important, but weekend work has to be with a livable wage so that people can actually support themselves and feed their families. To see postal workers having to go to food banks, or anybody going to food banks, is not acceptable. You know in Toronto what the rent looks like right now. People cannot afford it.

We hear Canada Post say that they are unable to retain workers. They need to improve their wages and talk to Canadians to make sure they expand the public post office. Right now they're working with KOHO bank to do banking. We see that many banks are leaving communities right now. We saw many leave during COVID. I know that in the Atlantic provinces some people have to take two days to go to a bank.

We are also able to offer Service Ontario services at our front counters, as Dwayne mentioned earlier on. We used to do passport services. We used to conduct student loan processing as well. Canada Post has the ability, being sometimes the only federal building in some communities, to offer services beyond mail delivery and to expand these services, but also to expand and make sure they go to the door of all customers who need it.

• (1255)

The Chair: You have 30 seconds left.

Vince Gasparro: Very quickly, do you see a world in which Canada Post can partner with private sector entities to diversify revenue sources?

Jan Simpson: Yes, we do. They have that ability through consultation with the union. We can work together to see how that can happen. For us, that's what needs to be happening—ratifiable collective agreements to bring stability but also true consultation, not telling us after things have been implemented.

Vince Gasparro: Thank you very much.

The Chair: That is your time, Mr. Gasparro.

Witnesses, thanks again for joining us at OGGO. We appreciate all the feedback. Again, if you have anything in writing that you weren't able to get to today, we would welcome any submissions.

With that, colleagues, we are adjourned. We'll see you Thursday.

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