

# CUPW'S WRITTEN SUBMISSION TO THE INDUSTRIAL INQUIRY COMMISSION

Under Section 108 of the  
Canada Labour Code - 2025

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## Introduction

The Canadian Union of Postal Workers (CUPW) represents over 55,000 workers across the country, the majority of which work for Canada Post. We also represent couriers, delivery drivers, warehouse workers, cleaners, emergency medical dispatchers and other private sector workers. For the purpose of this submission, we will be focusing on our two largest bargaining units – the Urban Postal Operations and Rural and Suburban Mail Carriers units. The workers that make up these two bargaining units went on strike November 15, 2024, until the Canada Industrial Relations Board (CIRB) ordered them back to work on December 17, 2024.

Postal workers made huge sacrifices, holding strong on picket lines for good jobs, fair wages, and a strong public post office. But once again, our Charter rights were disregarded by government intervention under section 107 of the Canada Labour Code under which the Government extended the current collective agreements until May 2025, effectively terminating lawful strikes and forcing the workers to return to work under the same working conditions that led them to strike in the first place. Rather than giving the workers final and binding arbitration, as the Government has done in other recent invocations of section 107, the Government invoked section 108 of the Code under which the Minister called for an Industrial Inquiry Commission with the goal of understanding what issues prevented CUPW and Canada Post from reaching negotiated collective agreements. The Commission was also tasked with examining the current state of Canada Post and producing a report of its findings by May 15, 2025.

While CUPW welcomes every opportunity to discuss the public post office and the work that our members do, the Union believes this process is skewed in favour of the interests of Canada Post management, which has been planning for this type of government intervention for over a year. The questions that we have been asked to answer require considerable time, resources and access to information we simply do not have under this expedited process. With its far greater material and human resources, the Corporation is more able to quickly answer the Commission's questions thoroughly within the time frame imposed upon us by the Minister's order.

Insofar as this section 108 process is imposed as a strike-replacing dispute resolution mechanism in lieu of conventional interest arbitration, CUPW submits it is an unconstitutional violation of postal workers' right to strike. The Supreme Court of Canada has emphasized that Government abrogation of the right to strike must be accompanied by access to a fair, impartial, effective, and expeditious alternate dispute resolution mechanism that redresses the workers' "loss in bargaining power" and ensures they are "on an equal footing" with their employer.<sup>1</sup> Unfortunately, under the parameters unilaterally dictated by the Government, this process does not meet the constitutionally required standards.

Further, the Commission is faced with a number of broader public policy issues that are typically addressed by way of a Canada Post mandate review, supported by the Canada Post Secretariat of the Ministry of Public Services and Procurement. The last mandate review was conducted in 2016 and took more than six months to complete and involved the retention of experts in financial

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<sup>1</sup> *Saskatchewan Federation of Labour v Saskatchewan*, 2015 SCC 4, [para 94, 96](#); *Reference re Public Service Employee Relations Act (Alberta)*, 1987 CanLII 88 (SCC), [1987] 1 SCR 313, [para 116-117](#) (per Dickson CJ).

analysis and international postal services, public opinion research firms to conduct surveys of customers, businesses of all sizes, and Indigenous peoples, as well as extensive written briefs, witnesses, and public consultations.

Despite the time constraints, the Union has submitted a brief that:

- Responds to the questions that the Parties were specifically asked to answer by the Commission;
- Delivers our two-, five- and 10-year vision for the public post office; and
- Provides background documentation and briefs which provides context and historical information about Canada Post and our collective agreements.

## Five Questions to be Addressed by the Industrial Inquiry Commission

The Minister of Labour unilaterally mandated that the Commission review Canada Post's financial situation, possible diversification or alteration of delivery models, the Corporation's viability as it is currently configured, as well as negotiations issues and positions, including full-time employment, health and safety and job security. The Commission has also been asked to review why negotiations between the Parties failed.

This section of our submission provides the Union's answers to these questions along with background and historical information which supply context and established our perspectives.

## Viability of the Canada Post Corporation as it is Currently Configured

CUPW's brief speaks to the above inquiry as a whole.

## CUPW Perspective on CPC's Finances and Financial Reporting: Reasonable Skepticism

Canada Post has reported a loss of \$748 million for 2023 and claims to have lost more than \$3 Billion between 2018 and 2023.

CUPW believes that, considering its past conduct, the financial claims of the Corporation should not be taken at face value and must be carefully scrutinized.

As reviewed below, too often in the past, CPC has made self-serving but inaccurate financial projections, and in some cases, has misrepresented its financial results.

CUPW is not claiming the reported financial loss in 2023 of \$748 million is false; rather, it must be closely scrutinized, ideally with the assistance of independent financial auditing experts who have full access to the Corporation's financial documents. It is also important to understand these amounts in context of a multi-billion-dollar operating budget. The Corporation has previously stated that being within \$500 million of its annual budget is considered "on target." In 2015, in litigation relating to the constitutionality of 2011 back-to-work legislation, the Corporation's then-Director of Finance, Nathalie Seguin, testified that a \$500 million discrepancy in the Corporation's financial plan for an \$8 billion dollar business was not significant.

Our experience in the past 13 years has led us to be skeptical whenever the Corporation claims that its financial results require major cutbacks in service or concessions from the Union during collective bargaining. The recent response to our financial questions also raises major concerns about the financial reporting of the Corporation with respect to the recent payments of vast amounts of money for pay violations that occurred decades ago and potential use of contingent liabilities to improperly increase labour and benefit costs.

Likewise, the Union is rightfully concerned that in reporting its financial losses, CPC has neglected to mention that the major reasons have been its decision to maintain exceptionally low postage rates for lettermail as well as the dramatic increase in non-capital investments, selling, administrative and other category expenses. Instead of explaining these major reasons for its financial predicament - and taking actions where possible - CPC seems to be content to use its failures to justify cutbacks in service and attacks on the rights of its employees.

### **Past and Current Problems With CPC's Financial Reporting**

Here is a brief summary of problems that CUPW has experienced over the years, and is currently experiencing, with the financial reporting of the Corporation.

#### **2011 to 2014: Justifying the Need to End Residential Delivery**

On December 2013, CPC announced a Five-Year Plan which contained proposals for radical changes. The plan called for an end to all door-to-door residential mail delivery, the closure or franchising of many Corporate retail outlets, a significant increase in postal rates and a reduction in staff by 6,000 to 8,000 employees. To justify the need for such dramatic measures, CPC cited that for the three years beginning in 2011, Canada Post had posted significant financial losses due to reductions in lettermail volumes. It also cited what it had characterized as an "independent" 2013 Conference Board of Canada study which had projected a financial loss of close to \$1 billion by 2020 unless Canada Post made fundamental changes to its business. The Conference Board's projection of the magnitude of financial losses was consistent with Canada Post's own projections. As detailed below, these projections turned out to be grossly exaggerated.

#### **2011: Pay Equity and Pension – Not Letters**

In 2011, CPC ended 16 years of profitability and recorded a loss before tax of \$327 million. It explained the loss as a combination of the impacts of declining lettermail volumes, the 2-week

rotating strikes and 2-week lock-out and the payment of a pay equity court decision which dealt with retroactive pay equity adjustments owed for the years between 1982 to 2002. Strangely, in 2011, labour and benefit costs increased by \$281 million over 2010 while non-labour collection, processing, and delivery costs actually declined from the previous year. Overall costs of operations actually declined from the previous year. Revenues from transaction mail only decreased by \$36 million and overall revenue decreased by \$68 million. The financial loss of 2011 was totally accounted for by two factors: the pay equity payment, which was kept secret at the time but, thanks to an Access to Information request by CUPW, was later revealed to be \$291 million; and a special one-time adjustment of \$63 million made in 2011 Q3, relating to amendments in the PBSA concerning pre-retirement death benefits. Without these special payments, which were mostly attributable to pay equity violations between 1982 and 2002, CPC would have been profitable in 2011. Knowing this to be the case did not stop CPC from continuing to claim that the financial loss in 2011 was at least partially caused by reduced lettermail. The impact of the 2012 pay equity payments is also seen in the 2012 financial results where the labour and benefit costs for CPC is reported to have declined by \$362 million or 8.3%.

### **2013: CPC Pays the Conference Board to Get It All Wrong**

On April 23, 2013, the Conference Board of Canada released a 52-page report called *The Future of Postal Service in Canada*. This report, which was paid for by Canada Post, predicted significant volume declines and losses from operations, beginning in 2012 and growing to an annual loss of \$1 billion by 2020. In light of volume and revenue projections, the report considered ways to financially sustain the Corporation such as cutting postal services, increasing postage rates and freezing or decreasing the wages of postal workers. The service reductions considered in the Conference Board's paper included:

- Going to alternate day delivery of mail;
- Replacing public post offices with private outlets or franchises;
- Converting door-to-door delivery in urban areas to community mailbox delivery;
- Reducing standards for speed of delivery.

Canada Post used financial projections from the Conference Board of Canada report, to justify its decision to make major cuts, including ending home mail delivery in Canada. The day after the release of the Report, CPC began holding consultations under the banner of "The Future of Canada Post." Canada Post held invitation-only meetings in 46 communities and conducted a largely online public consultation on its future, focusing on cuts.

The problem for Canada Post was the projections in the Conference Board report, which had been based on information and assumptions provided by CPC, quickly were revealed as inaccurate. In 2013 the Conference Board predicted a loss from operations of \$250 million in 2012, a loss of \$400 million in 2014, a loss of \$475 million in 2015 and a loss of \$550 million in 2016. But the Board got it very wrong. The Canada Post segment reported a profit from operations of \$77 million in 2012, a \$204 million profit in 2014, \$92 million in 2015, and a profit of \$63 million in 2016.



**2013: The Impact of IAS 19 – And a Dishonest Press Release**

Both the 2011 and 2012 CPC annual reports cautioned that the introduction of IAS 19 accounting method in 2013 would have a very significant impact on the 2013 CPC financial results. And it did. The introduction of the IAS 19 accounting change had a one-time impact of reducing net profits in 2013 by \$350 million, turning what would have been a \$321 million net profit into a net loss of \$29 million. See page 95 of the 2013 CPC Annual Report. The entire financial loss reported in 2013 was due to an accounting change, as predicted in the 2011 and 2012 Annual Reports. Largely as a result of IAS 19, total post-employment and other long-term benefits which had been reported in 2012 as \$392 million, increased to \$823 million in 2013 - a 210% increase. Although the financial loss had nothing to do with reduced lettermail volumes, CPC portrayed it as such. On May 5, 2014, while CPC was busy trying to convince municipalities to move from door-to-door delivery to community mailboxes ("CMBs"), the headline to the CPC Press Release read "Canada Post segment reports operating loss of \$269 million in 2013 as Transaction Mail volumes erode". Although CPC had noted in its 2011 and 2012 Annual reports that IAS 19 would cause financial losses, there was no mention of this by CPC.

**2012: Turning a Profit into a Loss**

In 2012, Canada Post reported a before-tax profit of \$98 million. This was due in part to contract concessions made by CUPW in 2012 as a means of avoiding an unfair final offer selection contract arbitration imposed under unconstitutional back-to-work legislation enacted by the Tories to end the national lock-out in 2011. Beginning in 2013, CPC was required to adopt new accounting practices IAS -19 and using IAS 19 in the 2013 Annual Report, reported the 2012 profit of \$98million but also restated the 2012 results applying the IAS 19 accounting change for "comparative" purposes. Using the IAS 19 accounting transformed the 2012 actual profit into a loss of \$125 million. From that time on, CPC would use this number - not the actual profit - to argue the Corporation had lost money for three years straight due to declining lettermail volumes.

**2014: Predicting a Huge Loss and Making Record Profits**

Canada Post also used financial projections from its 2014 to 2018 corporate plan to legitimize its plan to make major changes such as converting door-to-door delivery to CMB delivery. The Corporation's corporate plan for 2014 to 2018 was approved by the Government in December 2013. It stated that the move to CMBs was "crucial to the financial viability of Canada Post." The plan predicted a \$256 million loss from operations in 2014. But the actual result was an operating profit of \$299 million. In other words, Canada Post's forecast was off by \$555 million, amounting to a \$1/2 billion dollar mistake.

There was no reason for Canada Post to predict an operating loss in 2014, other than as part of a public relations strategy. Before the 2014 to 2018 corporate plan was released, CPC knew that the discount rate would rise from 4.4% to 5.0%, significantly decreasing benefit costs. The "beneficial results" of a higher discount rate for 2014 was also predicted in the Corporation's 2013 annual report. In addition, Canada Post knew about very significant rate increases, which were announced

in December 2013 and took effect on March 31, 2014. All signs pointed to a successful 2014. Yet the CPC plan deliberately called for a large financial loss, blaming it on reduced mail volumes.

### **Ernst & Young Projections Wrong**

To assist in developing its financial projections, the 2016 Task Force for the Canada Post Corporation Review retained the services of EY (Ernst & Young), a global financial firm. The Task Force claimed that EY had provided them with independent analysis of Canada Post's financial projections. CPC also claimed that EY had presented an independent analysis. This was not correct. EY admitted it was not at all independent. On the first page of its report, it stated that in preparing the report EY *"relied upon audited and unaudited financial information, financial projections prepared by CPC, and discussions with management of CPC."* It went on to say, *"EY has not audited, reviewed or otherwise attempted to verify the accuracy and completeness of such information, and accordingly, EY expresses no opinion or other form of assurance in respect to such information in this report"* (EY ii).

Both the Conference Board Report and EY estimated that CPC would experience losses to begin in the year of the publication of their reports only to have Canada Post Corporation surprise them by reporting profits. In the case of EY, it accepted CPC management's projection of a \$43 million loss for 2016. Canada Post reported a profit of \$63 million for 2016.

### **2016 and Beyond: Hiding Pay Equity Payments**

During the period since 2016, CPC has steadfastly refused to quantify the amounts that it has paid to employees who are covered by the PSAC and CPAA collective agreements, resulting from the Corporation's violations of pay equity rights of predominantly female workers. It is reasonable to assume the amounts may be in the hundreds of millions of dollars. However, CUPW has learned of large amounts of money that were secretly included as contingent liabilities relating to CUPW's 2016 Pay Equity complaint during the time when CPC was stating it had no financial liability.

Here is a summary of some of the financial reports submitted by Canada Post during 2016-2020. Several of these reports exhibit a pattern of secrecy and self-serving misrepresentations of reality.

### **2016 Q3 Report: Using Contingent Liabilities to Turn a Profit into a Loss**

On November 25, 2016, CPC released its 2016 Q3 Report. It claimed that labour costs for the first three-quarters of 2016 had risen \$16 million due to increased parcel volumes and the impact of the tentative agreement with CUPW in August 2016 (see page 21). This is untrue. Labour costs did not rise by \$16 million during this timeframe. CPC's actual labour costs remained exactly the same as in 2015. What did happen is that CPC secretly recorded \$16 million it had estimated as potential liabilities due to the RSMC pay equity process, as labour costs. Also, in 2016 Q3, CPC claimed to have lost \$15 million in the first three quarters. Actually, without the \$16 million pay equity costs CPC had estimated and included as labour costs, the Corporation would have had to report a \$1 million profit for the first three-quarters of 2016. It should be noted that this report was released



when the OGGO was considering its recommendations regarding Canada Post (The OGGO Report was released on December 13, 2016).

We do not know what impact, if any, may have resulted from CPC recording labour and employee benefit costs due to the PSAC or CPAA pay equity complaints. CPC refuses to divulge this information.

### **2016 Annual Report: Contingent Liabilities Used to Turn Declining Labour Costs into Increased Labour Costs**

On page 66 of the 2016 CPC Annual Report, it states that labour costs for 2016 increased by \$20 million. It says, "The increase was primarily due to wage increases and growth in parcel volumes partially offset by ...". This statement is untrue and a deliberate distortion of what actually happened. In 2016, CPC management decided to estimate and record \$32 million (\$16 million in Q3 and \$16 million in Q4) in labour costs due to the RSMC pay equity process agreed to by the parties in 2016. Labour costs actually declined \$12 million in 2016 from 2015. To the extent that labour costs can be said to have increased, it was only due to CPC secretly adding RSMC pay equity costs that it did not know if it would ever have to pay. (Note: In October 2017, CPC estimated the RSMC pay equity costs to be \$10.2 million. See below.).

We do not know what impact, if any, may have resulted from CPC recording labour and employee benefit costs due to the PSAC or CPAA pay equity complaints. CPC refuses to divulge this information.

**Table One: Canada Post Costs and Revenue 2017 to 2023**

<b>Costs (\$millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2019</b>	<b>2017</b>	<b>2017 to 2023</b>	
Wages/Labour	3,952	3,710	3,747	3,453	3,222	+722	+22.4%
Benefits	937	1,341	1,600	1,345	1,262	-325	---+25.8%
Non-labour; collect/pro/del	1,381	1,360	1,315	1,062	891	+490	+35.5%
Property, facilities/main	261	259	237	202	253	+8	+3.2%
Selling, administration/other	544	514	449	564	459	+85	+18.5%
Depreciation/amortization	353	323	323	309	248	+105	+42.3%
Non-Capital Investment	359	269	197	N/A	N/A	+359	---
<b>Total Costs</b>	<b>7,787</b>	<b>7,776</b>	<b>7,867</b>	<b>6,935</b>	<b>6,335</b>	<b>+1,452</b>	<b>+22.9%</b>
<b>Revenue</b>							
Transaction Mail	2,298	2,424	2,494	2,714	2,913	-615	-21.1%
Parcels	3,482	3,573	3,672	2,735	2,131	+1,351	+63.4%
Direct Mail	951	954	922	1,066	1,121	-170	-15.2%
Other	211	231	261	233	252	-41	-12.3%
<b>Total Revenue</b>	<b>6,942</b>	<b>7,182</b>	<b>7,349</b>	<b>6,748</b>	<b>6,417</b>	<b>+525</b>	<b>+8.2%</b>
<b>Profit/loss from operations</b>							
	<b>-845</b>	<b>-594</b>	<b>-518</b>	<b>-153</b>	<b>+82</b>	<b>-927</b>	

Note: That 2018 and 2020 are not included in this table.

**2017 Q3 Report: Using Contingent Liabilities to Turn a Profit into a Loss**

The CPC 2017 Q3 Report was made public on November 24, 2017, ten days after CUPW had filed its notice to bargain. The Corporation claimed to have lost \$62 million in 2017 Q3 mainly due to increased wages and benefit costs. We now know that CPC had secretly recorded \$71.4 million, which was charged to labour costs and employee benefits, for RSMC Pay Equity. Without this charge, CPC would have reported a \$9 million profit for 2017 Q3. No mention of the significance that the RSMC pay equity charges had on profitability were made in the 2017 Q3 Report. Instead, the Report contained a totally fictional account concerning the reasons for increased labour and employee benefit costs (see page 20 of the 2017 Q3 report).

The inclusion of \$71.4 million for RSMC pay equity costs in 2017 Q3 in no way corresponds to CPC's own estimate of the likely cost of RSMC Pay Equity. On October 16, 2017, Sandra Haydon, CPC's Pay Equity Consultant, submitted her report to Arbitrator Flynn which stated that CPC had identified a pay equity gap of \$10.2 million. Concluding her report, on page 34 she stated, *"In total, Canada Post has identified a gap of \$10.2 million between Letter Carriers and Rural and Suburban Mail Carriers."* As of April 30, 2018, CPC's position before Arbitrator Flynn was there was no pay gap as RSMCs compensation was slightly greater than letter carriers.

We do not know what impact, if any, may have resulted from CPC recording labour and employee benefit costs due to the PSAC or CPAA pay equity complaints. CPC refuses to divulge this information.

**2017 Annual Report: Turning a Decline in Benefit Costs into an Increase**

CPC recorded an additional \$30.6 million in RSMC Pay equity costs in the fourth quarter of 2017 - making the total pay equity charges for 2017 an amount of \$102 million (\$62 million in labour and \$40 million in employee benefits). The 2017 CPC Annual report identified CPC's profit before tax as \$74 million. The explanation for increased labour costs only cites wage increases, parcel volume increases and reduced costs in 2016 (see page 68.) There is no mention in the annual report that the labour costs included \$62 million attributed to RSMC pay equity costs. The 2017 Annual Report identified an increase of \$34 million in employee benefit costs. The Report offered several explanations for the increase but failed to mention that CPC had estimated and charged an additional \$40 million to employee benefits attributed to potential RSMC pay equity charges. Without this estimate, employee benefit costs in 2017 would have been \$6 million less than 2016. We do not know what impact, if any, may have resulted from CPC recording labour and employee benefit costs due to the PSAC or CPAA pay equity complaints. CPC refuses to divulge this information.

**2018**

There were two arbitration decisions rendered by Arbitrator Flynn in 2018 relating to RSMC pay equity: one on May 31<sup>st</sup> and the second on September 20<sup>th</sup>. CPC reported RSMC pay equity costs as both labour and employee benefits in each of the second (\$267 million), third (\$97 million) and fourth quarter (\$53 million) of 2018. In 2018, there was a court decision involving the pay equity

decision of CPAA. We do not know what financial impact, if any, may have resulted from CPC recording labour and employee benefit costs due to the PSAC or CPAA pay equity complaints.

CUPW has been informed by CPC that the labour and benefit costs reported in 2018 were based on CPC's estimate of the outcome of the MacPherson interest arbitration award, which was issued in June 2020. The Union has not been provided with this estimate so we cannot evaluate the credibility of the reported costs or financial results.

### **2019 Annual Report**

The comments on pages 85 and 86 of the 2019 Annual Report appear to indicate that CPC recorded provisions for salary and benefits relating to pay equity during 2019. Senior CPC management has stated that no payments for CPAA or RSMC pay equity were recorded in 2019.

Labour and benefit costs reported in 2019 were based on an estimate of the outcome of the MacPherson interest arbitration award. The Union has not been provided with this estimate so we cannot evaluate the credibility of the reported costs or financial results.

### **2020 Q1**

On page 30 of the 2020 Q1 Report CPC it states that is still currently involved in a number of pay equity and related matters filed by various labour groups at Canada Post. There is no explanation of the "related matters" or what "labour groups" are involved. The Corporation also states *"it is currently not possible for the Corporation to predict the final outcome of the various pay equity and related matters, and may adjust any such provisions in its net profit for subsequent periods as required. These matters will continue to evolve, but further detailed information will not be provided as it could be prejudicial to the Corporation."*

### **The \$3 Billion Loss Claim for Six Years (2018-2023) Includes Previous Years**

CPC claims that it has lost money for the six years between 2018 and 2023 to the tune of \$3Billion. Actually, according to CPC, the Canada Post segment would have been profitable in 2018 had it not been for \$280 million retroactive RSMC pay equity payments made in 2018 for the periods 2016 and 2017. The payment was made in 2018, but the loss was attributable to compensation paid for work in 2016 and 2017.

### **The Current Situation – Lack of Transparency Continues**

CUPW requested information from CPC concerning a number of issues relating to recent financial reporting and the overall financial situation of Canada Post.

**Pay Equity Payments: The Contradictions Continue**

With respect to pay equity payments made by CPC since 2017 for prior violations of the law, CUPW requested:

1. What payments were made as a result of the settlement of pay equity complaints?
2. When were these payments reported?
3. Were any of these payments included as contingent liabilities and, if so, when were they reported and for what amount?

The response from CPC stated: "*Payments were recorded in the year they were paid.* [emphasis added] Because the pay equity process can be lengthy to identify and determine the amounts owing to each recipient, the year the payment was made would typically be at least a year after the initial liability/expense was recognized."

This statement directly contradicts the information we received from CPC concerning the recording of \$32 million in pay equity expenses as contingent liabilities in 2016 and \$102 million in 2017. At that time no payments had been made, and CPC was arguing that no payments were necessary. (See above). It is also contradicted by CEO President Doug Ettinger in his letter to CUPW President Jan Simpson (See attached) who admits CPC started to record a provision for the RSMC pay equity in 2016.

CPC also refuses to identify the amount of the \$3 billion it claims to have suffered since 2018 that was attributable to pay equity payments made to members of PSAC, CUPW, and CPAA as a result of violations of the law that occurred in previous years. In his letter to Simpson, Ettinger mentions that some PSAC pay equity payments from 2011 had yet to be finalized.

**Contingent Liabilities**

CUPW Requested:

1. During the period 2017 - 2023, do any of the financial reports include amounts included as "contingent liabilities."
2. If so, in what quarter were they reported, how much was reported and for what purpose?

CPC's response is another non-answer. In the past we know CPC has reported vast amounts of money as contingent liabilities and then incorrectly described the financial results (see above) There is no reason for the Union to assume that large amounts of money are not included in the financial statements that CPC may never have to actually pay.

**Revenues from Lettermail**

CUPW Requested:

1. What proportion of transaction mail will be impacted by the 25% increase in postage rates in 2025?

CPC says, "The rate action applies to both regulated and commercial letter mail; therefore 100% of volumes will be impacted." CPC has publicly stated that the increase will result in an \$80 million increase in gross revenues. The current revenue from domestic letters is \$2,178 million. Since 100% of the volumes will be increased by a 25% increase in price, it is difficult to believe revenues will only increase by 3.7%. We will need further explanation of this estimate.

2. What impact on volumes is expected as a result of this increase?

See above.

3. Has CPC conducted studies of international postage rates for letters? If so, please provide them.

They were not provided.

4. According to the US Office of the Inspector General during the period 2018 to 2023, CPC increased its rate for letters by 7% while the average increase for major postal administrations was 55%. Why did CPC wait for so long prior to increasing its rates?

CPC's answer confirms the information in the Report by the US Office of the Inspector General. No explanation is given that would explain why CPC would not raise rates in line with other countries when it was experiencing financial losses and instead waited for years before addressing the problem.

5. Even with the 25% rate increase in 2025, CPC will still have postage rates considerably lower than the average for other countries. Has consideration been given to increasing postage rates to a level equal to the average of EU countries?

Another non-answer. Raising the rates to the average of EU countries would generate considerable revenues.

**CPC's Imaginary Offer of 5% Increase**

CUPW asked what the real increase in compensation for employees would be from the period immediately prior to the expiry of the collective agreements compared to what was received at the beginning of the new agreements. In reality, the employees will receive very little because the 5% increase is not an increase over what they received in the prior contract as they were receiving COLA payments of similar amounts. For example, the actual pay of RSMCs will increase by less than 0.5% from what they received at the expiry of the agreement. CPC's response is not an answer to the question asked.

## The Explosion of Non-capital Investments, Selling, Administrative and Other Category Expenses

Between 2017 and 2023, these expenses have increased \$444 million or 97% with virtually no description of why there was such a dramatic increase. When CPC has described its financial results, each year there has been no explanation of the role that these items have played in causing the financial losses.

## Canadian Postage Rates: Part of the Problem

Even prior to the creation of Canada Post as a Crown Corporation, postage rates in Canada have always been extremely low by international standards.

The passage of the *Canada Post Corporation Act* placed a new financial requirement on the postal service, that being “*the need to conduct its operations on a self-sustaining financial basis while providing a standard of service that will meet the needs of the people of Canada and that is similar with respect to communities of the same size.*”

In the decades since, CPC management and governments have placed improvements of productivity over price increases as the foremost means of achieving, and then maintaining, financial self-sufficiency.

The result is that today Canada Post postage rates are among the lowest in the world<sup>2</sup> - even at a time when it is not in compliance with its mandate to be self-sufficient. Strangely, in the years between 2018 and 2023, when CPC asserts financial losses continued to mount, CPC did not follow the lead of virtually every other postal service in the world and increase its postage rates for letters.

A recent study of the Office of Inspector General reveals:

- In 2023, Canada Post had the ninth lowest postage rate of 31 major postal services.
- During the five years between June 2018 and June 2023, CPC raised its postage rate by 7% while the average increase for the 31 postal services was 55%. Only two other countries had lower rates of increase than CPC.
- During this same period, twenty-eight postal services increased their rates more than their national rate of inflation. With Canada's inflation increase of eighteen per cent, CPC only increased its rates by seven per cent.
- Adjusting for national average purchasing power parity, Canada had the fifth lowest rates of the 31 countries.

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<sup>2</sup> CPC's extremely low postage rates compared to other countries is particularly remarkable when considering Canada has one of the largest geographies to deliver to in the world.



During the past six years, Canada Post has frequently cited its financial losses in the context of obtaining concessions from its employees. What it has not done is explain why, in the face of mounting financial losses, it has not acted to raise postage rates as the vast majority of postal services have done.

## A Multi-Service Roadmap to Set Canada Post on a Sustainable Path Over the Next Five to Ten Years

### Shifting Dynamics in the Postal Industry

Postal companies worldwide have experienced profound changes in recent years. As global lettermail volumes continue to decline, parcel volumes have surged, fueled largely by the steady growth of e-commerce, which remains dynamic yet unpredictable. Postal services now face a highly competitive environment, where large e-commerce platforms control a substantial share of logistics operations.<sup>3</sup> If these trends persist, Canada Post may struggle to stay competitive using the traditional mail-plus-parcel, five-day-per-week delivery business model. Although innovation and diversification have helped some postal operators, the core of the postal business remains rooted in mail and parcels. For Canada Post, managing this core effectively while adapting to changing market demands (weekend, evening, and same-day delivery) can unlock substantial value.<sup>4</sup>

### Adapting to the Parcel-Centric Market

The dominance of online marketplace giants such as Amazon, JD.com, and Zalando has dramatically reshaped the logistics sector, with these companies now accounting for more than 80% of parcel volumes in several regions.<sup>5</sup> Their influence stretches from a network of warehouse facilities to last-mile logistics, with many of them even moving into managing end-to-end delivery operations. This paradigm shift has increased the already considerable pressure on postal services, which are now tasked with managing growing parcel volumes while ensuring transparent, timely, and dependable delivery services. However, it is crucial to distinguish Canada Post from private delivery firms such as Amazon, as there are fundamental differences:

- Unlike private delivery companies, which are not bound by universal service obligations, Canada Post is legally required to provide accessible and equitable services to all Canadians, regardless of geographic location (The Canadian Postal Services Charter).

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<sup>3</sup> Universal Postal Union (UPU), 2023, <https://www.upu.int/en>

<sup>4</sup> SupplyChainBrain, 2023, <https://www.supplychainbrain.com/>

<sup>5</sup> Ibid.

- Private sector firms are driven by profit motives, often focusing on lucrative urban markets. In contrast, Canada Post remains committed to serving all Canadians equally, including those living in rural, remote, and Indigenous communities who rely heavily on its services.
- Small businesses across Canada, particularly those in underserved rural, remote and northern regions, are heavily reliant on Canada Post. As the only provider offering reliable, affordable, and universal postal and parcel services, Canada Post ensures that even the smallest businesses can reach customers and clients nationwide.<sup>6</sup>

### **Transitioning to a Parcel-Driven Model**

Canada Post is at a crossroads. It must consider shifting from a mail-led to a multi-service model to remain competitive. This transition requires comprehensive changes in strategy, operations, and a re-purposing of infrastructure. Potential adjustments include:

- Joint parcel-mail delivery, optimizing operations for parcels.
- Strengthening the capacity of sorting hubs to handle future large parcel volumes, if necessary.

This transformation should not only focus on parcel logistics but also address the evolving needs of customers, emphasizing efficiency and scalability.

### **Building Workforce Flexibility**

CUPW remains resolutely dedicated to exploring innovative changes to Canada Post's delivery model, ensuring that it addresses the evolving needs of Canadians while safeguarding the rights, working conditions, and invaluable contributions of postal workers to this vital national service. While Canada Post must remain responsive to market dynamics, the Corporation must not lose sight of its public service mandate. It must continue to serve as a foundational public institution, not as a commercially driven enterprise (CUPW Reports, 2023).<sup>7</sup>

### **Capitalizing on Cross-Border E-Commerce**

Cross-border e-commerce presents a significant growth opportunity, with international orders expanding at a rate 1.5 times faster than domestic ones. As the e-commerce industry grows annually by 20%, Canada Post should focus on expanding its role within the cross-border e-

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<sup>6</sup> Canadian Federation of Independent Business (CFIB), 2023, <https://www.cfib-fcei.ca/>  
Additional references: Environics Analytics, 2022, <https://www.environicsanalytics.com/>; Earnscliffe Strategy Group, 2022, <https://www.earnscliffe.ca/>; Postal Services Development Institute, 2020, <https://www.upu.int/en>, Bank of Canada Staff Discussion Paper 2023-22

<sup>7</sup> CUPW, *Canada Post's Third Quarter Report*, November 25, 2024.

commerce value chain. This includes launching an e-commerce platform marketplace to support small and medium-sized businesses (SMEs) in Canada, thereby increasing parcel volumes and generating additional revenue. Digital innovations will be critical in unlocking new revenue streams for Canada Post, especially as SMEs seek integrated solutions for efficient delivery. By leveraging its trusted brand, nationwide network, and digital capabilities, Canada Post can position itself as a key partner in the e-commerce ecosystem in Canada.

### **Financial and Insurance Services for Long-Term Sustainability**

The decline in traditional mail volumes calls for diversification, and Canada Post can follow the lead of other successful global postal companies by expanding into financial and insurance services. For instance, Japan Post, La Poste in France, and many other countries have integrated postal banking and insurance, generating significant revenues that complement their core postal services.<sup>8</sup> Canada Post has a clear opportunity to capitalize on this trend. In 2024, Canada Post announced a partnership with KOHO Financial to reintroduce postal banking services, including chequing and savings accounts, scheduled for public access in 2025. This move targets underbanked communities, particularly in rural and remote areas, where access to traditional banking is limited or which banks have abandoned all together. Additionally, the expansion of financial services can help Canada Post meet its universal service obligation while remaining financially sustainable. Beyond banking, Canada Post should consider exploring insurance services, which have proven successful for other postal entities worldwide. By leveraging its vast network and trusted brand, Canada Post can introduce postal insurance services, offering both life and non-life insurance products to consumers across Canada.

### **A Multi-Service Model for the Future**

Ultimately, in addition to transforming itself into a dynamic, competitive parcel delivery service, the path to long-term sustainability for Canada Post also requires the adoption of a multi-service model. With a diversified approach encompassing mail, parcels, financial services, and insurance, among other services, Canada Post can secure its future in an increasingly competitive and dynamic marketplace. By strategically investing in these areas, Canada Post can create a robust business model that ensures financial sustainability, supports its public service mandate, and remains competitive over the next five to ten years.<sup>9</sup>

## **CUPW and Job Security**

### **Introduction**

In 1985, postal workers achieved important job security protections after years of dedicated efforts and significant trade-offs in collective bargaining. Article 53, Employment Security, ensures that regular employees employed in the bargaining unit at the date of the signing of the collective

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<sup>8</sup> La Poste. *2023 Integrated Annual Report*. La Poste Groupe, 2024, [https://le-groupe-laposte.cdn.prismic.io/le-groupe-laposte/ZnGfspm069VX12ZF\\_LAPOSTE\\_RAI2023UKMEL.pdf](https://le-groupe-laposte.cdn.prismic.io/le-groupe-laposte/ZnGfspm069VX12ZF_LAPOSTE_RAI2023UKMEL.pdf).

<sup>9</sup> *Canada Post Corporation 2023 Annual Report*. Canada Post Corporation, 2024.

agreement cannot be laid off, so long as they agree to accept a vacant position within 40 km of their current position.

Article 53 respects the principles of seniority. When Canada Post declares a position “surplus” in a workplace, it is always the position held by the most junior employee. The article also lays out several other general principles, including:

- Employees cannot be forced to accept positions outside of the zone (i.e. 40 km) where they were working;
- Employees cannot be forced to accept positions where the working language is different from the one where they were working;
- Employees declared surplus more than once cannot be forced to be displaced beyond the zone where they were working when first declared surplus;
- Employees cannot be forced to accept a part-time position when they were working a full-time position, and vice-versa;
- Employees displaced to a classification with a lower rate of pay retain their former rate of pay;
- Employees displaced are provided with the necessary training to perform their new assignments during their regular working hours, with full pay from the Corporation.

While members of the Urban unit have been entitled to job security since 1985, members of the Rural and Suburban Mail Carriers (RSMC) unit have a significantly more limited form of job security (set out in Article 23 of the RSMC collective agreement). With the transition to a new hourly rate system for the RSMC unit, the Union prioritized addressing this longstanding inequity and ensuring equal job security protections for the two units this round of bargaining.

Importantly, CUPW's job security protections have not placed an undue strain on the Corporation's operating flexibility. There is generally adequate movement within the bargaining unit to ensure surplus employees can be displaced to vacant positions. During this round of negotiations, Canada Post agreed to the Union's demand to maintain Article 53 with dates renewed to the signing of the new collective agreement.

### **CUPW and Real Job Security**

From CUPW's perspective, job security is paramount. In the Union's recent book *Pushing the Envelope*, we wrote,

*real job security is much more than a collective agreement provision that can be renegotiated every two, three or four years. Real job security involves having decent jobs*

*now and in future years. It's about having meaningful work, being trained properly for the job, and making sure the Union is organized in a way that promotes health and safety.*<sup>10</sup>

The Union has long recognized that the best form of job security comes with offering valuable services to the public. As the Union wrote in a 1990 negotiations backgrounder on job security, "The CUPW does not advocate 'featherbedding'. The Union believes that Canada Post should be constantly expanding services to the public, thus providing meaningful work for surplus employees."<sup>11</sup>

CUPW's advocacy for *meaningful* work has been a central pillar in our long struggle against cutbacks and in favour of service expansion projects, like postal banking, expanded delivery services, and new services at Corporate retail counters.

## Historical Origins

CUPW's efforts to achieve job security date to the 1970s, a time of sweeping technological change and bitter labour-management relations at the post office. During this time, work in the Post Office Department (POD) transitioned from a system in which mail was sorted almost exclusively by hand to one in which it was sorted largely by machines. The POD's "modernization" efforts completely transformed the nature of postal work and generated significant tension between the Union and management.

According to Professor Robert Campbell, the POD's approach to technological change and its attitudes towards both postal workers and postal unions were central to the labour militancy of the time.

One issue was simply the speed with which postal management introduced new machinery. As Campbell writes, "the central feature of mechanization was the speed with which it was carried out. No postal system in the world mechanized its operations as quickly as did the Canadian POD."<sup>12</sup>

Another issue was management's failure to properly consult with unions about the scope and implications of its plans. According to Campbell, management's "style of consultation ... left much to be desired." The POD's project lead on mechanization had an attitude towards unions and workers that "bordered on contempt." Further, "the nature of the technology and its implications were not understood and were poorly explained. Assured by management of a slow and incremental process, the unions felt steamrolled when the POD felt compelled to apply the system 'all at once.'"<sup>13</sup>

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<sup>10</sup> Canadian Union of Postal Workers, *Pushing the Envelope: The Struggle Continues*, 2023, page 237.

<sup>11</sup> Jean-Claude Parrot, "To all post office workers," in CUPW Negotiations Backgrounder No. 1, Job Security: a *must* for postal workers, Part 1: Employer's Programs, March 1990: page 2.

<sup>12</sup> Robert M. Campbell, *The Politics of the Post: Canada's Postal System from Public Service to Privatization*, 1994: page 145.

<sup>13</sup> *Ibid*, 146.

A further issue was the deterioration of working conditions. Writing of the sprawling new Gateway plant in Toronto, Campbell writes, “parts of the plant produced ear-splitting noise up to eighty-nine decibels (the sound of a subway).” He then cites a contemporary report on working conditions at mechanized facilities, which were much larger than manual sortation facilities: “these huge installations could scarcely be better designed to encourage all the negative effects of large-scale depersonalization.”<sup>14</sup>

Overall, CUPW saw the POD’s mechanization program as a major threat to members’ jobs and resolved to take action to protect them.

Mechanization was also accompanied by other major changes, strongly opposed by the Union: the introduction of new a classification (PO 1), with lower rates of pay, largely staffed by women, as well as a significant increase in the use of part-time and “casual” workers.<sup>15</sup>

These issues came to a head in 1975, when CUPW put job security and technological change at the forefront of its bargaining demands. Because the POD was governed by the *Public Services Staff Relations Act* (PSSRA) -- and not the Canada Labour Code -- CUPW was severely restricted in what it could “legally” negotiate around technological change, which the PSSRA deemed a non-negotiable management right.

Still, in his 1975 conciliation board report, Judge Jean Moisan sympathized with CUPW’s positions on new technology, arguing the employer “should be obliged to redress any wrong that might result from the exercise [of its right to proceed with technological change].”

Negotiations between the parties broke down, and in 1975, CUPW waged a “bitter” 42-day strike, the longest in its history to that time.<sup>16</sup>

By the end of the strike, the new collective agreement included Article 29 on technological change. Among many other progressive elements, Article 29 ensured that postal workers would keep their job in the same classification and same rate of pay after the introduction of any new technology. Importantly, technological change was understood to include operational change.

As noted above, CUPW has since negotiated stronger job security protections for its urban members, as, since 1985, job security has applied not only in cases of technological change. This article has remained in the Urban collective agreement, with some modifications in 1992, since that time.

CUPW remains fully committed to the job security entitlements it has negotiated for its Urban members and will continue to advocate to extend these rights to its RSMC members.

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<sup>14</sup> Ibid, 149.

<sup>15</sup> See Julie White, *Mail & Female: Women and the Canadian Union of Postal Workers*, 1990.

<sup>16</sup> “Bitter” is how Campbell described it, page 156.



## CUPW and Full-Time Jobs at Canada Post

CUPW has been pressing Canada Post to prioritize full-time, stable employment over precarious and gig-based jobs. Full-time positions ensure fair wages, job security and benefits for workers, and support adequate service delivery. As a Crown corporation with a public service mandate, Canada Post should champion equitable and diverse employment practices, setting the standard for good, sustainable jobs in the postal sector.

### Context and Current Challenges

There has been a significant decline in full-time positions over the last two decades at Canada Post. Between 2006 and 2023, about 8,100 full-time jobs were eliminated in the CUPW Urban unit. Also, Canada Post's increasing reliance on subcontractors has reduced its control over service quality, increased costs, and created challenges in workforce retention. Subcontracted roles often come with lower wages and fewer benefits, potentially impacting service reliability and employee morale.

### Why is Full-Time Employment Important?

Full-time jobs provide predictable incomes, benefits, and retirement security. They also foster financial stability and reduce reliance on other public social and economic support systems. That benefits individual workers and contributes to economic stability and community development. Giving the priority to full-time jobs ensures fair treatment of marginalized groups, including women and Indigenous workers, who are disproportionately affected by precarious work. Canada Post must continue to work towards full employment equity, strengthening Canada Post's role as a model employer with a diverse and inclusive workforce. Moreover, a full-time workforce with proper training and support enhances customer satisfaction, ensuring reliable service across both urban and rural areas.

### Strategic Recommendations

Canada Post must prioritize full-time employment while embracing innovation and diversification to ensure its long-term sustainability and fulfill its public service mandate. We urge Canada Post to consider the following key recommendations:

- **Maximize Full-Time Positions:** Canada Post should prioritize converting part-time and temporary roles into full-time positions and ensure stable and regular hours for employees.
- **Reduce Sub-contracting:** By contracting out less work, Canada Post can maintain control over service quality, reduce costs associated with turnover, and create opportunities for workforce advancement.
- **Investing in workforce development:** Training and upskilling postal workers for roles in emerging areas such as electric vehicle maintenance and financial services.

- **Support Equitable Employment Practices:** Focus on creating opportunities for women, Indigenous workers, and other marginalized and under-represented groups. This commitment to equity will strengthen Canada Post's role as a model employer.

### **Broader Implications for Fair Labour Practices**

As a Crown corporation, Canada Post is responsible for setting an example for fair and sustainable employment practices. Full-time jobs benefit individual workers and contribute to economic stability, community development, and environmental sustainability. Canada Post can reduce economic disparities between urban and rural areas by prioritizing stable full-time employment and strengthen the social landscape by supporting a diverse and inclusive workforce. That could also ensure the long-term viability of its operations by fostering workforce loyalty and customer trust.

Canada Post's commitment to full-time employment is a strategic imperative that aligns with its public service mandate. By investing in stable jobs, workforce development, and service diversification, Canada Post can maintain its position as a trusted national institution while setting a benchmark for employment in the postal sector. CUPW's vision is clear: a resilient, public-centered and worker-friendly postal service that adapts to modern demands without compromising its core values.

## **Health and Safety at Canada Post**

Canada Post invests a great deal of energy to project a public image of a committed and dedicated health and safety leader.

"We're committed to the health and well-being of our employees," says the Crown corporation on its website.

"Canada Post's ambition is zero harm. We remain committed to proactively identifying, preventing and controlling hazards and risks that affect employees" and "We work to do right by our people." However, these statements do not reflect the negative experience of too many postal workers. The facts tell another story: a troubling record of not just injured but disabled postal workers.

### **Canada Post Health and Safety Record**

According to the most recent data from Employment and Social Development Canada (2022), postal workers suffer from the second highest frequency of disabling injury among workers in the federal sector. Postal workers endured 2,670 injuries of which over 2/3 were disabling. Three were fatal. The previous year four postal workers died on the job. This is a far cry from the model safety reputation the Corporation tries to cultivate.

## Physical Health

Postal workers face numerous risks every day on the job from dog bites, slips, trips, falls, weight-bearing injuries, car accidents, repetitive strain injuries (RSIs), extreme heat and cold, and increasingly the health impacts of wildfires, floods and freeze-thaw cycles as climate change worsens. As one postal worker who had suffered too many injuries said:

“Every single house or yard, you’re thinking of dogs, tripping, slipping, potholes. And then you get to the door that there are issues like the railings or stairs that might be rotting out.”

Another postal worker pointed to the risks from the extreme cold of a Canadian winter: “If you're delivering mail in 30 below on ice covered streets and you have to walk around for eight hours a day, that's a very serious imposition to put a lot of letter carriers through.”

Climate change is only increasing and intensifying the risks. According to the Canadian Interagency Forest Fire Centre 2024, the area burned in 2023 was more than six times the historical average. Postal workers have reported breathing and respiratory problems among other health impacts due to delivering mail in wildfire-impacted areas.

Freeze-thaw cycles are another increasingly dangerous hazard. Over just two days in 2024, in Saskatoon alone, 12 injuries – including a broken hip – were reported by postal workers due to icy sidewalks.

Separate Sortation from Delivery (SSD), a new work method being rolled out by Canada Post since 2017, has changed the nature of postal work dramatically. It has meant longer routes and more working in the dark, increasing exposure to risks.

Letter carriers are under greater physical strain, carrying increased volumes of neighbourhood mail in their mail bags. Far too many members have to resort to painkillers just to do their job. During this round of bargaining, the Union brought several proposals to address health and safety problems stemming from both growing volumes of Neighbourhood Mail and the introduction of SSD.

## Mental Health

The Union is deeply concerned about the mental health of our members who have reported increased levels of stress, anxiety, and depression due to their workplaces.

The introduction of dramatic changes, which impact work life balance, makes it difficult for people to meet family commitments and responsibilities. Work overload, feelings of isolation for outdoor workers, and harassment by managers pressuring postal workers to do more and more puts stress on workers already struggling to meet deadlines and targets.

From the Union’s perspective, Canada Post sees support for mental health in the workplace as a box to be ticked not a way of truly supporting postal workers.

The introduction of SSD – the longer routes and working at night – has made workers feel unsafe. As well, they have experienced increased stress levels due to the impacts of this drastic change on

their work-life balance, their ability to meet family obligations, and commitments. For those working inside, we are hearing more and more reports about RSIs.

Members also find GPS surveillance invasive and another cause of stress and anxiety

### **Canada Post is Failing in its Duty of Care to Postal Workers**

CUPW believes that the number and seriousness of injuries is greater than Canada Post has acknowledged. A lack of proper reporting by the Corporation means that it is impossible to know and understand the scale of injuries. A proper understanding of the scale is a starting point. CUPW needs to better understand the number, frequency, and nature of the injuries postal workers are sustaining as well as the risks they face. Risk assessments need to be done, and those risks need to be mitigated. We also need to ensure that postal workers are being provided with adequate time to fully recover from their injuries. We need to vastly reduce the number of workers who suffer lifelong impacts from injuries and ensure they do not suffer from lost income.

CUPW's 2019 report "Canada Post Corporation's Reporting of Occupational Injuries: A History of Misinformation, Misreporting and Inconsistency" – a copy of which was sent to Canada Post management – contains a litany of examples of how the <sup>17</sup>Corporation under-reports injuries.<sup>2</sup> For example, in 2011 CPC management changed the definitions of medical aid injuries and lost-time injuries enabling the Corporation to falsely report thousands of disabling injuries as minor injuries to Labour Canada. The misreporting was discovered and, when CPC was forced to correctly report disabling injuries in 2014, the result was a 92.6% increase in disabling injuries at Canada Post. CPC has continued to exclude thousands of lost-time injuries in its Corporate Social Responsibility Reports by refusing to report all disabling injuries

### **Claims Suppression**

CUPW is particularly concerned about claims suppression and has frequently raised the issue with Canada Post.

Rather than encourage members to report their injuries as is required, supervisors have instead persuaded them to accept an in-house accommodation. This is contrary to the collective agreements and health and safety legislation. The Union believes the Corporation is deliberately using this tactic to enhance its health and safety record.

What is shocking is that when members need medically supported accommodations because of work-related injuries that have been reported, the Corporation cannot find a way to accommodate them. In many cases, the Corporation does not even follow its own policy or fails to take the necessary steps to respect workers' right to accommodation.

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<sup>17</sup> Canadian Union of Postal Workers. *Canada Post Corporation's Reporting of Occupational Injuries: A History of Misinformation, Misreporting and Inconsistency*. CUPW, 2019.

### **What CUPW Would Like to See in the Short Term**

Canada Post management must demonstrate that it is committed to the improved health, safety, and well-being of its employees. Its words must match its actions.

It could demonstrate this in the first instance by improving its injury reporting record and make Canada Post a safe place to at least report injuries. It can immediately instruct its supervisors that employees must be encouraged to come forward with their workplace injuries and that these injuries will be declared. This must be done free from harassment or intimidation. Supervisors who persuade postal workers not to report their injuries (or downgrade their injuries) in exchange for an in-house accommodation – to the detriment of postal workers' rights – must be disciplined. Canada Post must keep a record of and declare the injuries accurately to CUPW and government authorities.

CUPW would like to see real solutions to the health and safety problems resulting from SSD. Canada Post must work in good faith with CUPW to assess and mitigate workplace risks to postal workers.

Canada Post must recognize and welcome CUPW social stewards who can help to identify and support postal workers who are struggling with mental health issues. Postal workers should expect to get home safely at the end of a work shift.

### **What CUPW Would Like to See Long-Term**

Postal workers want to work in a working environment where the management has taken concrete steps to mitigate risks, prioritizing health and safety – not just the Corporation's public image. They want to know that in the event they get injured, they can go to their supervisor – free from pressure, harassment, and intimidation – and report injuries – and that those injuries will be treated with the utmost seriousness and care and that there will be due diligence in reporting those injuries. A culture of blaming the worker must end. Workers need to have confidence that if they must take time off to fully recover, they can do so with the support and encouragement of management with little to no impact on income.

CUPW hopes that sooner rather than later, our public post office evolves into an employer which sets the standard across the country in how it supports its employees and respects their rights.

## **Why Bargaining Failed**

This Commission has been tasked with understanding what issues prevented CUPW and Canada Post from negotiating collective agreements despite over a year of bargaining, a 32-day strike, and the assistance of federal mediators.

The primary work of a Union when bargaining collective agreements with the Employer is to improve the lives and working conditions of workers. CUPW's demands are developed through a democratic

and transparent process. The program of demands is based on submissions made by the membership.

CUPW's original proposals included improvements to wages to make up for the recent spike in inflation. The Union also sought improved staffing provisions to address staffing shortages and the Corporation's overreliance on temporary and part-time workers; improved protections against technological change; measures to protect the bargaining unit from the contracting out of its work; improved rights for temporary workers; and improvements to the group benefits plan, as well as service expansion ideas that would generate new revenue streams.

In contrast, Canada Post's plan was built at the expense of workers. In both public-facing media and at the bargaining table, Canada Post sought to leverage its financial condition to push for a complete transformation of the post office and its operations—all in one round of bargaining. The proposals brought forward by the Corporation contained enormous changes to the collective agreements, its work and staffing rules, as well as a long list of major rollbacks. The Corporation's insistence on achieving dramatic breakthrough changes in one round of bargaining put the parties on the path to conflict. No union or worker in Canada would accept such proposals.

### **Rollbacks**

With its proposals, Canada Post sought to rollback rights and benefits postal workers won through many years of struggle, including concessions at the bargaining table.

These included, among others, a two-tier pension plan with future employees forced onto a defined contribution plan; a "flexible benefits" plan that would force our most vulnerable members to pay higher premiums to cover their medical needs; allowing management to use software installed in all vehicles to monitor and discipline workers for alleged health and safety violations; the elimination of night recovery leave for workers who work night shifts; the imposition of a vacation "blackout" period, preventing letter carriers and RSMCs from scheduling vacation during the Christmas period; the elimination of marriage leave; the elimination of the 5-minute wash-up period; less vacation leave entitlements for future employees; the "flexibility" to allow management to close corporate retail outlets staffed by unionized employees; and the elimination of a mechanism that gives the Union real influence to change letter carrier work rules.

From the Union's perspective, many of the Corporation's proposed rollbacks would do little to address its underlying financial condition but would divide our membership and undermine our solidarity.

Canada Post's demand to force future employees onto a defined contribution pension plan was a prime example of this. The Canada Post Pension Plan is in good financial condition. It's currently over-funded, which has allowed Canada Post a pay holiday of their matching portion since May 2023, and it will continue until at least May 2025. To the Union, this demand reflected the Corporation's general approach to this round of bargaining, which was to leverage its financial condition to force wide-ranging, transformative change at postal workers' expense.



## A Change in Bargaining

To the average person, it may seem like Canada Post and the Union are always at odds; that every round of bargaining results in a labour dispute, whether it be a strike or a lockout, and government intervention of some kind. Successful collective bargaining isn't usually covered by the media. However, over the years, CUPW and Canada Post have successfully negotiated collective agreements that benefited both workers and the Corporation. Over the last 15 years, bargaining has become more contentious and clear patterns have emerged that have impeded our ability to negotiate successfully, including most crucially the disruptive impacts of repeat government interventions in the bargaining process.

### 2011

In 2011, Canada Post brought significant rollbacks to the table with respect to the Urban bargaining unit, and when agreements could not be reached, CUPW members engaged in rotating strikes. Approximately 2-weeks into the rotating strikes, the then-Minister of Labour, Lisa Raitt, indicated the Government was not going to intervene with legislation as the mail was still flowing. In response, the Corporation initiated a full-scale national lockout in order to trigger back-to-work legislation. The federal Conservative government under Prime Minister Stephen Harper immediately introduced back-to-work legislation to end the lockout, which was passed by Parliament two weeks later. The back-to-work legislation imposed an unfair dispute resolution mechanism (final offer selection as opposed to conventional interest arbitration) coupled with arbitral criteria that favoured Canada Post's positions in bargaining. Furthermore, the legislation empowered the Minister of Labour to unilaterally select the arbitrator, imposed a punitive wage settlement on postal workers (less than what Canada Post had offered in bargaining), and dictated the term of the new collective agreement. The Corporation took advantage of the legislation to extract major concessions from postal workers, including an inequitable wage structure for new hires and reduced compensation for workers who are sick or injured on duty.

Although the collective agreement fell significantly short of what the Union had originally sought, it did protect workers' defined benefit pension plan. CUPW's National Executive Board recommended that the membership vote in favour of the agreement because it was most likely the lesser of two evils. It was determined that the Union could either choose to accept the new agreements or place its destiny in the hands of a government-appointed arbitrator who would have very likely imposed a collective agreement with many more serious negative changes to our pensions, benefits, and job security.

CUPW would like to reiterate that it had little choice but to accept a less than acceptable deal as the Harper government's anti-worker legislation denied us our basic right to negotiate and to strike over unresolved differences. The Union would never have agreed to these changes if workers still had the right to strike.

In 2016, the Ontario Superior Court found the legislation violated postal workers s. 2(d) and 2(b) *Charter* rights.<sup>18</sup>

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<sup>18</sup> *Canadian Union of Postal Workers v Her Majesty in Right of Canada*, 2016 ONSC 418

**2016**

After being forced into a corner and accepting substandard agreements in 2011, postal workers had one goal in mind in 2016: negotiating good collective agreements at the bargaining table without government interference. But just like in 2011, Canada Post came to the table with one thing in mind: a long list of concessions and rollbacks.

Discussions at the bargaining table centered primarily on Canada Post issues and demands, relegating the Union's proposal to a secondary concern. Although the Union agreed to some of the Corporation's demands, there was little to no movement when it came to the Union's priorities. Instead of finding some consensus, the Corporation threatened to lock out workers not once, but twice. Significantly, the Government announced that it would not intervene with back-to-work legislation if there was a work stoppage – a statement of non-intervention that facilitated meaningful negotiations. The Parties were accordingly able to reach a negotiated agreement several weeks later for two-year collective agreements.

**2018**

A new and disturbing trend emerged in the 2018 round of bargaining, where the Employer began the practice of trying to bargain directly with workers instead of with the Union. While negotiations stalled at the table, CUPW members received communications and updates from Canada Post outlining the benefits of the Corporation's proposals.

The negotiations reached an impasse in late October and postal workers collectively withdrew their labour to put pressure on the Corporation to compromise and reach a fair deal. In lieu of a national strike, postal workers engaged in brief rotating strikes at discrete locations in an effort to limit severe impacts on the public. Throughout the strikes, most mail was delivered on time or just a few days late.

Despite minimal delays in mail, the Corporation exaggerated the impacts of the rotating strikes to the Government and public in order to provoke back-to-work legislation. The Government accepted the Corporation's claims without taking steps to verify whether mail was in fact severely delayed, which it was not. The Government signaled its intent to introduce back-to-work legislation a mere 3 weeks into the rotating strikes and enacted back-to-work legislation on the 37<sup>th</sup> day of the strike. The arbitration imposed under the legislation was an inadequate substitute for postal workers' right to strike as it substantially undermined their bargaining power. Postal workers' key goals in bargaining related to complex, contentious operational matters that only the parties (and not an external arbitrator) had the experience and expertise to resolve and therefore were ill-suited to arbitration. Ultimately, arbitration delayed resolution of postal workers' working conditions for 19 months and failed to meaningfully address the key safety and equity concerns they had struggled to resolve for years.

### **Past Government Intervention Substantially Interferes with Collective Bargaining**

The direct result of successive government interventions, back-to-work legislation, and sub-standard arbitrated collective agreements is a long list of issues that have never been meaningfully addressed and remain relevant today. Had the Government not interfered in free collective bargaining, had we been allowed to continue the bargaining process backed by the right to strike, this round of bargaining could have had a different outcome.

It is well-established in industrial relations literature that the best settlements are the ones reached by the parties themselves. Arbitrators often lack the requisite expertise and familiarity with the workplace to effectively address the complex, contentious operational issues that postal workers have been trying to resolve for many years. Further, past experience has shown that arbitrator-imposed terms on the Parties can have unintended perverse consequences, which have led to further labour disputes down the road – a well-established consequence of having a third party determine the settlement.

Another consequence of repeated government intervention in CUPW and Canada Post bargaining is that it impedes the bargaining process before it ever begins and encourages bad faith bargaining and results in well-known chilling or narcotic effects. This is particularly evident in the last several rounds of bargaining, going back to 2011. Knowing that its sole shareholder, the Government, is likely to intervene to resolve issues in its favour, Canada Post has little incentive to engage in serious bargaining. The Corporation seems content to force the Union into a corner where it must either accept an unreasonable deal or strike and then wait for the Government to impose back-to-work legislation – or a section 107 directive.

The Government's repeated interventions assist the Corporation by shielding it from the financial consequences of the work stoppage and by ultimately relieving it from having to act reasonably and return to the bargaining table to meaningfully negotiate a resolution to the dispute. Even the threat of the back-to-work legislation removes the incentive on the Corporation to compromise and reach a fair deal, as the Corporation knows the Government is waiting in the wings to introduce legislation. This is the reality for many unions, not just CUPW. Employers who refuse to bargain in good faith simply wait for the Government to intervene to relieve them of the strike pressure.

Significantly, on the occasions the Government has indicated it would *not* legislatively intervene in a postal labour dispute, the Parties have reached a negotiated deal in a matter of weeks. In 1975 and 1981, postal workers engaged in a nationwide strike for 6 weeks. In both instances, the Government made clear there would be no legislation and the parties reached a deal after 42 days of strike action.

Similarly, in July 2016, the Corporation served lockout notices on the Union during negotiations. The next day, the Government made clear it would not intervene with legislation if there was a work stoppage, stating: "We respect labour, we respect the need to come to terms at the bargaining table, and that is what we are going to continue to work on". The parties reached a deal approximately 6 weeks later.

Strikes and lockouts were also allowed to run their course in 1968, 1970, and 1975, and the Parties were able to reach negotiated deals.

### **Canada Post: Lack of Flexibility**

Throughout this round of bargaining, Canada Post repeated that it was in a fight for its life, that the viability of the corporation was a stake, and that to recover, it had to drastically change its operating model. The word “flexibility” was mentioned whenever a Canada Post spokesperson was being interviewed in the press.

The Corporation has made it clear that it sees itself as a parcel delivery company and that it must become competitive in the parcel business to remain financially sustainable. To accomplish this, Canada Post says it needs the “flexibility” to adopt delivery practices, such as evening and weekend delivery, that are more in line with its competitors.

The reality is that Canada Post already has the ability to deliver on the weekends, but what it really wants is the “flexibility” to create a second-class workforce with unpredictable hours. The Union is rightly concerned that Canada Post’s proposed model of more part-time, low-wage, precarious jobs will further the gigification of Canada Post workers. Once a right is taken away, it’s incredibly hard to get back. This is why we the Union insisted that weekend work not compromise the rights of all postal workers. The Union would fail in its duties to best represent its members were it to conceded to a second-tier workforce.

Instead of working with CUPW to create the right kind of weekend and evening work that wouldn’t compromise the rights of all postal workers, the Corporation doubled down with its demands for “flexibility” at workers’ expense.

Speaking of flexibility, it is in part Canada Post’s lack of flexibility that has brought us to where we stand today. In previous rounds of bargaining, no matter how many rollbacks were on the table to begin with, we inevitably arrived at a point in bargaining where at least some major rollbacks were off the table. Bargaining is about give and take, and both sides must be willing to adjust their demands. The Union adjusted some of its demands as negotiations progressed, but in over one year of bargaining, Canada Post has refused to remove many of its rollbacks.

### **The Mandate of the Commission**

Canada Post also used this round of bargaining to plant the seed to the government and to the public that it required major changes to the *Canada Post Corporation Act* and the *Canadian Postal Service Charter* to climb out of its current financial situation. Throughout the strike, Canada Post reminded the public that the *Charter* had not been updated since Netflix rented movies. What it failed to mention is that any modifications, updates, changes to the *Charter* or the *Act* cannot be achieved through bargaining.

CUPW can only assume that Canada Post did not want to wait for the Government to begin a mandate review, so it instead refused to bargain in good faith, forcing postal workers to make the difficult decision to strike and then launched a public relations campaign that led us where we are today.

The Union would like to also note that while this Commission was invoked by the Minister of Labour, the scope and mandate of this Commission goes beyond a labour dispute. Commissioner Kaplan is

being asked to provide comment on Canada Post's viability as it is currently structured by the Minister of Labour, Steven McKinnon and not by the Minister responsible for Canada Post, Jean-Yves Duclos.

## Conclusion

CUPW has always been a militant union. We pride ourselves on bargaining not only for the workers we represent, but also for necessary societal change. When postal workers won maternity leave rights after our 42-day strike in 1981, it paved the way for maternity and eventually paternity leave in Canada. In recent years, CUPW offers at the bargaining table have included improvements for customers, service expansion, and proposals to green the public post office.

A good collective agreement includes more than a fair wage; it is a total package that includes benefits, leaves, and pensions, paid breaks and uniforms, and health and safety provisions to name a few.

Collective bargaining between the Canadian Union of Postal Workers and Canada Post has always been challenging, but for many years bargaining was conducted with respect and a willingness to adjust and modify demands. This allowed the Parties to reach successful negotiated agreements that met the needs of everyone. Over the last 15 years, the relationship between the Parties has deteriorated. This submission has outlined the numerous ways in which the Employer has displayed a lack of commitment and neglected to truly engage in the collective bargaining process for many years. Given these circumstances, it is disappointing but not surprising that the Parties could not come to an agreement in 2023.

## Canada Post in Two, Five, and Ten Years

The Commissioner has asked the Union to consider how it sees Canada's postal service evolving in the next two, five, and 10 years. In doing so, the Commissioner has asked we pay particular attention to Canada Post's dual mandate, namely "to operate on a self-sustaining financial basis, while providing high quality services that meet the needs of Canadians across the country," as set out in the *Canada Post Corporation Act* and the Canadian Postal Service Charter. In this section of our brief, we lay out our vision of what Canada Post can become.

## The Post Office of the Future by the Canadian Union of Postal Workers

When the latest round of bargaining between CUPW and Canada Post began gaining public and media attention, after CUPW members voted strongly in favour of taking strike action if no agreements could be reached by the Parties, a recurring comment was made: "Will anyone even notice if postal workers go on strike? Aren't you obsolete?"

It didn't take very long for Canadians to realize how relevant their public post office is and how much they depend on it.



## **Looking Back at the Past to Better Understand the Future**

Before outlining our plans for the future, it is important to know the history of the public post office in Canada and why it is so important to preserve it.

The federal government recognized the importance of the post office early on. It opened post offices as part of nation building, realizing that they encouraged business, roads and rail development. In 1867, the same year as Confederation, it created the Post Office Department as a branch of government. In 1981, following years of campaigning by CUPW, it transformed the post office into a Crown Corporation called Canada Post. This move allowed the post office to adapt to changes in communications and challenges from competition while continuing "its role of promoting the general welfare and advancing the national economy." It was hoped that shifting the post office from a department of government to an arms-length Crown Corporation would help improve relations between management and postal unions.

The Government also joined the Universal Postal Union (UPU), a United Nation's agency that acts as a forum for co-operation between postal services. As a member of the UPU, Canada is a signatory to UPU's Universal Postal Convention which provides for universal postal service. It defines Universal Postal Service as "the permanent provision of quality basic postal services at all points in a member country's territory, for all customers, at affordable prices."

The services provided and the nature of postal work have changed and continue to change. We know that Canada Post is facing significant challenges – letter mail is declining, parcel shipping is more competitive, and as a result, revenues are down. While CUPW recognizes that our post office must adapt to an everchanging world, it does not support transforming our public-oriented post office into a commercially driven business through privatization and deregulation. There are alternative ways of dealing with the challenges that our public post office faces in today's world.

## **The Future of the Post Office is Public**

First and foremost, the Canada Post of the future must remain public. While Canada Post likes to call itself a business, it is a public service, one that helps people communicate, communities thrive, and businesses grow. It operates where private delivery businesses won't. With a presence in nearly every community, Canada Post plays a positive social, cultural, and economic role. While it has a mandate for self-sufficiency, it is not required to make a profit, although for many years it did.

Canada Post has a revenue-generating problem, and in the immediate future, the Union wants to work with the Corporation to help it improve its financial situation without harming the public or workers. The Union's goals over the next two to five years are to expand delivery, add services, limit precarious work, and increase revenue to ensure that Canada Post remains self-sustaining.

## **Good Jobs to Serve Communities**

The immediate solution to start to address Canada Post's revenue-generating problem is to deliver parcels seven days a week. For public services to be successful, they need to attract and keep



workers. Postal work used to be a sought-out career. But as the job becomes more difficult, due to longer routes, restructures, and heavier loads due to more parcels, and it becomes harder to gain full time employment, Canada Post has had a difficult time attracting and retaining staff.

The situation is particularly serious outside of large centres. As the Standing Committee on Government Operations and Estimates (OGGO) heard in its 2024 review of the sustainability of Canada's postal service in rural and remote communities, where the post office is often the only federal presence, the post office is often understaffed and underfunded. Per the OGGO's recommendation, Canada Post must improve wages and adequately support the operation of rural post offices.<sup>19</sup> Leveraging these locations and the rest of Canada Post's vast network, to offer new services – from financial and government services to e-commerce solutions for small businesses – can help ensure that people, communities, and businesses, no matter where they are located, can equitably and sustainably connect, grow and prosper.

Canadians are struggling – the cost of living has skyrocketed over the last few years, and wages have not kept up. People are juggling multiple jobs just to make ends meet. Quite often those jobs do not include benefits, paid vacation or sick days, or pensions. Canada Post's proposals for weekend work during bargaining called for more part-time work. The Union was not prepared to allow greater numbers of its membership to face the kind of economic insecurity that comes with having only part-time work, with unpredictable hours.

The Union is prepared to work with the Corporation to roll out weekend, evening, and same-day parcel delivery services. In doing so, the Union will strive to ensure that this work is not precarious work. In our vision, weekend work must ensure the protection of good full-time jobs.

### **Service Expansion and New Revenues**

It is impossible to speak about our vision of the post office without mentioning service expansion. While many of these ideas fall under our 10-year vision, some could be introduced in the next two to five years:

### **Financial Services**

From remittances, bill and government payments and savings and current accounts to credit cards, loans and insurance, more than 90% of posts around the world offer some form of financial services, serving more than 1.5 billion people. On average, these services are the third largest source of postal service revenue after mail and parcels, consistently delivering almost a fifth of postal operators' revenue. In the contemporary period, this revenue has provided a stabilizing 'cushion' to operators as they look for creative and innovative solutions to adapt to the rapidly changing and increasingly competitive postal landscape.<sup>20</sup>

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<sup>19</sup> Government of Canada, Standing Committee on Government Operations and Estimates. *Canada's Postal Service: A Lifeline for Rural and Remote Communities*. 2024.

<sup>20</sup> Universal Postal Union. *State of the Postal Sector 2023: A Hyper-Collaborative Path to Postal Development*. UPU, 2023.; Universal Postal Union. *Global Panorama on Postal Financial Inclusion*. UPU, 2023.

Canada Post, which has provided a small number of financial services for more than 20 years, has recently expanded into small business loans and a high interest payments account, working with public and private sector financial partners and the Union to deliver for Canadians, with a focus on small businesses and the underbanked. We applaud these initiatives and will work collaboratively with Canada Post in the short- and medium-term to roll out these offerings and complimentary products, leveraging its unmatched retail and delivery network. We will continue to constructively engage Canada Post in the longer term to grow and integrate product offerings to deliver revenues for the Corporation and services for Canadians.

### **Reintroduce the Food Mail Program**

The Food Mail Program (FMP) was a successful Government of Canada program that shipped nutritious food by air to isolated Northern communities. Under the FMP, Canada Post billed food retailers for shipping at the subsidized rate, and the program offset the remainder of the cost. The program was eventually replaced by Nutrition North Canada (NNC), shifting program subsidies from Canada Post to retailers. NNC has been riddled with issues since its inception, the most notable being that, in communities where there is monopoly on food sales, nearly half of every dollar of government subsidies goes into the pockets of the private retailer, with consumers incurring more costs amidst rising food insecurity in the North.

### **Community Hubs**

In many rural, remote, and northern communities, the post office is the only federal presence. It is already a gathering place where people go not only to pick up and send mail but also to socialize with friends and neighbours. As a USPS OIG Report noted, this gives the post office a unique competitive advantage: People do not “have to learn a new behaviour,” as they already go to the post office.<sup>21</sup>

Because post offices already serve as unofficial community hubs, they can be revamped to meet the unique needs of communities lacking access to key services. In the next two years, Canada Post can continue to roll out its community hub concept post office, as it already has in Membertou, Nova Scotia; High Prairie, Alberta; Fort Qu'Appelle, Saskatchewan; and Little Current, Ontario.

Community hubs can include a range of services, tailored to each community, from government services to digital access points.

Canada Post could learn from Poste Italiane's Polis project, which turned 7,000 post offices in small communities into “digital services hubs” open 24 hours a day, where the public is “able to

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<sup>21</sup> Office of Inspector General, United States Postal Service, Retail Opportunities for the U.S. Postal Service, September 4, 2015, page 8.

request registry and civil status certificates, electronic identify cards, passports, tax codes for newborns, social security and judicial certificates, and a variety of other services.”<sup>22</sup>

### **Services for Seniors and People with Disabilities**

Canada Post can do more to support Canada’s ageing population. Many letter carriers already play an informal support role for seniors and other vulnerable community members, keeping a watchful eye on customers on their delivery routes.

In several countries, including France, Japan, and Jersey, letter carriers take this a step further, offering formal check-in services. In the next two to five years, Canada Post could work with CUPW to pilot and evaluate a check-in service in Canada.

### **Technology and Health and Safety**

The Union recognizes that automation and digitalization, including Artificial Intelligence, are part of the job, however, we must be part of the conversation about the risks to workers that come with their application. Especially in the postal and logistics sector, recent developments have driven the intensification of work and the lengthening of working hours, and the creation of atypical work patterns, increasing stress and injury rates, net job losses and a shift from full-time permanent employment towards precarious employment, including part-time, flexible, temporary or ‘bogus’ self-employment.<sup>23</sup>

CUPW has noted its thoughts on the health and safety of its members elsewhere in this brief, however for the purpose of the two- and five-year plan, we recognize that the development and use of technology is a continual process, which is particularly rapid today and in the recent past, and can bring benefits for postal users, operators, and workers. The introduction of innovative technology must, however, be vigorously consulted and supported—with training for example—to ensure fair and just outcomes. For example, that the benefits arising from increases in productivity be equitably shared between workers and the Corporation.

## **2035 and Beyond: An Expanded Public Service**

In the longer term, we envision a post office that maintains its strong public mandate. One that focuses on the wants and needs of the public that it serves and maintains its high level of trust. One that maintains its exclusive privilege over letters. One that maintains a uniform price to deliver letters no matter where you live, keeping the connections between all regions, cities, and towns – no matter how big or small. One that maintains its policy goals, even in the face of letter mail decline, because it is the only remaining fully public form of distanced-based communication in

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<sup>22</sup> Poste Italiane: Polis, Home to digital services in 7,000 post offices

<sup>23</sup> Kalbermatter, Jacqueline, et al. "Unions in the postal services of the future. A global survey on labor union representatives' assessment of digitalization in the post and logistics sector." Universität Basel. Seminar für Soziologie, 2021.

Canada, and some users will likely always rely on it. One that keeps its corporate retail offices open for longer hours to better serve the public. One that leverages its full, unparalleled potential as Canada's largest logistics, transportation and retail network.

We envision a post office that meets an ever-increasing parcel demand driven by online shopping and returns. One that can allow people to order something in the morning and get it that evening. One that can meet someone's delivery needs if they are only available on a Sunday afternoon. One that maintains its best-in-class parcel prices in the face of enormous competition in the parcel delivery market. One that can absorb its third-party courier because of its increased pickup and delivery options, driving all parcels through Canada Post.

We envision a post office that is more responsive to the needs of rural, remote, and northern communities. One that ensures good service is always available and keeps a federal public presence in communities where there is nothing else. One that reclaims its strong public roll in food delivery and food security for Indigenous communities, making a meaningful contribution to reconciliation, instead of continuing to give money to for-profit retailers.

We envision a post office that diversifies its service offerings, as many other postal administrations around the world have done, to help fill important policy gaps or to offer public alternatives to private options. One that uses those revenues to help fulfil its self-sustaining mandate and universal service obligation in the face of declining letter mail. One that provides financial services that are alternatives to the big banks. One that helps play a role in addressing social inequalities by meeting the needs of the underbanked and those reliant on payday lenders. One that lowers service fees and provides service in communities that have become banking deserts.

One that delivers not only mail and parcels, but peace of mind for our aging population and our families through check-ins on seniors and people with mobility issues, helping them live in their own homes for longer.

One that makes better use of its extensive retail network presence in the form of community hubs, where people can visit small business pop-up shops, access government services from all levels of government, charge their car, and rent space in larger buildings for local group meetings. One that uses adjacent outdoor spaces for artisan and farmers' markets, connecting community members to fresh food and local makers.

We envision a post office that closes the gap for the public, small businesses, and non-profits when compared to the discount rates given to the large volume mailers. One that increases its contact with small and medium sized businesses and uses a person instead of a phone number to help them meet their postal needs. One that actively seeks out how to improve service offerings for those businesses without it being tied to performance bonuses.

We envision a post office that is the federal leader on tackling climate change and embracing green technology and practices. One where both urban and rural workers are supplied with Canada Post electric vehicles. One where retrofits to buildings and adoption of solar energy are used to drive down emissions and help offset operational costs where possible. One where all last-mile delivery in Canada is consolidated through Canada Post, reducing traffic congestion in urban areas, saving energy, and maintaining the trust and security that is associated with our public post office.

We envision a post office that provides good paying, stable, long-term jobs, with benefits and a good pension for all of its employees. One that allows local businesses to flourish because postal workers and their families can afford to continue living in those communities. One that hires a diverse range of people that accurately reflects the make-up of Canadian society. One that provides safe working conditions so that postal workers can go home to their families, happy and healthy at the end of their workday. One where management adheres to and respects the negotiated terms of the collective agreements with postal workers. One where technological change is for the benefit of the public, the system, and postal workers, not at their expense.

In short, we want a public post office that offers many of the same quality services delivered by post offices around the world. Many postal administrations have had to expand their offerings and diversify their revenue streams to offset other declines. It is time that the government and Canada Post listen to what the public has said it wants in previous mandate reviews and public opinion surveys, and what CUPW's and others' research shows and take action to build the post office for the current generation of users and postal workers – and the next.

In the meantime, for the workers who are the CUPW, the struggle continues.

## Canada's Public Post Office

CUPW feels that it is vital to talk about Canada Post's function as a public service. Too much focus has been on Canada Post as a business. Public services are designed to fill gaps where private entities would find it non-profitable to go. As such, we review its creation and role as a publicly owned entity, its universal service obligation, and address concerns with the *Canadian Postal Services Charter*.

We also look a little more in-depth at delivery and its network, expansion of the postal service and revenue generation, the importance of the post office closure moratorium, Canada Post's role as a job creator for all communities, contracting in work that has saved money or provided more direct control, and Canada Post's role as an environmental leader.

## Canada Post Corporation: A Publicly owned Crown Corporation and its Public Service Mandate

As a Crown corporation, Canada Post is a publicly owned enterprise with a public service mandate, meaning that it is ultimately responsible to the Canadian public through Parliament. Theoretically, this line of accountability helps the public ensure that Canada Post performs its national public service function in an open and transparent manner. CUPW has been heavily involved since its creation through the *Canada Post Corporation Act*, which was adopted unanimously by the House of Commons in 1981. The *Act* was the result of many years of campaigning for an independent Crown corporation and more than two years of consultations between three successive federal



administrations, business groups and postal unions under the umbrella of the Canadian Labour Congress (CLC).

CUPW also played a large role in negotiating the text of the Act. Our views were included in Canada Post's legislative mandate, which provides for "the desirability of improving and extending its products and services in the light of developments in the field of communications."<sup>24</sup> At the time, we stated that, "If the Post Office is to effectively perform its role of promoting the general welfare and advancing the national economy, it must be given the appropriate authority to offer the services required in today's cultural and commercial environment. This will involve the extension and the expansion of existing services and the initiation of new services to the public."<sup>25</sup> In other words, we were successful in including the right to negotiate for service expansion and job creation recognizing that those needs change over time. It is something we work towards to this day.

CUPW has participated in every review of Canada Post, writing submissions, appearing as a witness, and making recommendations on a wide range of topics including the protection of the public post office, expanding and improving services, postage pricing, exclusive privilege, pay equity, preservation of home mail delivery, maintaining services for rural, remote, and northern communities, and many, many other things. With each review our goal has been to strengthen Canada Post, its service mandate and, while acknowledging that it has important commercial interests, emphasize that it is distinct from commercial enterprises because it is designed to serve the public interest.

It seems like every decade and during mandate reviews, there are calls for privatization or deregulation of Canada Post – often from right-wing think tanks. However, after extensive research and consultation processes, including of experts (financial and otherwise), businesses, civil society groups, and members of the public from coast-to-coast-to coast, the Canada Post mandate reviews for the last 30 years have consistently recommended to maintain Canada Post as a public service, with its universal service obligation and not to deregulate – except for the recommendation on deregulating international outbound mail in 2008. In addition, those reviews found little public appetite for privatizing Canada Post, and the last two indicated significant support for keeping Canada Post in public hands.<sup>26</sup>

It is important to underscore that each of these mandate reviews involved a much more extensive research, consultation, and hearing process than the current expedited process the Minister has imposed on the Parties under section 108 of the Canada Labour Code. As such, significant deference is owed to the findings and recommendations of these mandate reviews and departing from them would arguably require significantly more consultation and careful study than is permitted in this expedited section 108 process.

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<sup>24</sup> Legislative Services Branch. Consolidated Federal Laws of Canada, Canada Post Corporation Act. 22 June 2023, [laws-lois.justice.gc.ca/eng/acts/C-10/section-5.html](https://laws-lois.justice.gc.ca/eng/acts/C-10/section-5.html).

<sup>25</sup> Allan Darling, "Considerations which affect the Choice of Organization Structure for the Canada Post Office," Report of the Study Group to the Postmaster General, (Ottawa: Government of Canada, August 1978), Appendix D.1.

<sup>26</sup> Robert Campbell, Chair, Nicole Beaudoin, Dan Bader, *Strategic Review of the Canada Post Corporation: Report of the Advisory Panel to the Minister*, December 2008; Tom Lukiwski, Chair, *The Way Forward For Canada Post*, Report of the Standing Committee on Government Operations and Estimates, December 2016



If Canada Post were to be privatized, outside of a government mandated USO, the profit motive would take precedence over the public interest. Service cuts in unprofitable rural, remote and northern areas, and a decrease in, if not the elimination of the presence of the federal government in many remote communities would likely follow. Prices on products and services would likely rise. It would almost certainly attempt to cut labour costs, either through reduced wages or job cuts which would also have a negative effect on workers' communities. A private post office's main goal is to make profits, which means focusing on major customers rather than the public. Large corporations benefit. Small businesses do not. None of this is in the public interest.<sup>27</sup>

A universal public postal service is one characterized by privacy, security, universality and affordability, not simply maximizing profit. In Canada Post's case, this has also led to a high and sustained degree of public trust. As recently as 2021, a Public Square survey found that Canada Post was the most highly trusted institution among Canadians, Indigenous Canadians, and Quebec residents.<sup>28</sup>

The year 2022 marked the 40<sup>th</sup> anniversary of the creation of Canada Post, and given the speed with which the world, communications, and technology is changing, Canada Post must adapt to be able to continue fulfill its obligation "...to conduct its operations on a self-sustaining financial basis while providing a standard of service that will meet the needs of the people of Canada and that is similar with respect to communities of the same size."<sup>29</sup> For decades, CUPW has put forward alternative visions on how the public post office can do just that. It's time to put some of those ideas into action.

Maintaining Canada Post as a Crown corporation, in line with the *Act's* policy objectives, is the best way to ensure that it respects its legislated mandate to provide the public with a universal postal service. The public, communities, and small business benefit from having a stable infrastructure that can help maintain its use and level of trust in its operations. When it reaches the half-century mark, Canada Post must still be a public Crown corporation, with an innovative and renewed mandate that is focused on the public interest, that is financially self-sustaining, that improves and expands the services offered, and that maintains good, secure jobs for workers and the communities in which they live.

<sup>27</sup> Syndex/UNI Global. *The Economic and Social Consequences of Postal Services Liberalization*. 2018, <https://www.syndex.fr/sites/default/files/files/pdf/2019-07/The%20economic%20and%20social%20consequences%20of%20postal%20services%20liberalization.pdf>; Hermann, Christoph. "The Liberalization of European Postal Markets: The Response of Firms and Impacts on Employment and Services." *Competition & Change*, vol. 15, no. 4, Nov. 2011, pp. 253–73. <https://doi.org/10.1179/102452911X13135903675570>;

<sup>28</sup> Bastedo, Heather, et al. CUPW Polling Results. 27 Nov. 2021, [d3n8a8pro7vhmx.cloudfront.net/cupwsttp/pages/777/attachments/original/1642522583/2021-12-06\\_CUPW\\_Public\\_Release\\_-\\_Long\\_Deck-EN4.pdf?1642522583](https://d3n8a8pro7vhmx.cloudfront.net/cupwsttp/pages/777/attachments/original/1642522583/2021-12-06_CUPW_Public_Release_-_Long_Deck-EN4.pdf?1642522583).

<sup>29</sup> Legislative Services Branch. Consolidated Federal Laws of Canada, Canada Post Corporation Act. 22 June 2023, [laws-lois.justice.gc.ca/eng/acts/C-10/section-5.html](https://laws-lois.justice.gc.ca/eng/acts/C-10/section-5.html).

## Universal Service at a Uniform Price

A vital component of the *Canada Post Corporation Act* is that it defines a letter, and grants Canada Post its “exclusive privilege” to deliver letter mail (or transaction mail), while leaving it to compete with private-sector operators in other products and services. Having the exclusive privilege to deliver standard letter mail within Canada enables Canada Post to provide a universal postal service. It is more costly to provide postal services in dispersed, low density rural and remote areas, than in large, high density urban areas. The revenue Canada Post makes in urban areas offsets the cost it incurs to collect and deliver in rural, remote and northern areas, allowing it to provide equivalent services to all, at the same affordable price. Canadians have willingly accepted this fact over the years.

Universal service and the exclusive privilege are under threat as letter mail volumes decline, making it necessary for Canada Post to look for alternative streams of revenue to maintain its requirement of self-sufficiency. Even though letter mail volumes have declined since the 2006 peak of over 5.5 billion, to just under 2.2 billion pieces of mail in 2023, the number of addresses (points of call) has increased by 3 million over that time.<sup>30</sup> Two billion pieces is still a very significant volume of mail needing to be delivered to more places; even in the face of electronic substitution, where people have opted for online forms of communication, invoicing, bill payments and other products that have replaced paper.

The universal service obligation would be threatened, if not impossible, should Canada Post lose its exclusive privilege to deliver letter mail, thereby allowing other businesses to compete for the provision of postal services. Revenues that Canada Post could generate would be drastically reduced due to lower volumes and its mandate to deliver everywhere. Canada Post could also have to reduce its prices for some products because of competitive pressure.

Given Canada's vast geography, competitors are likely to focus on high-density areas and high-volume clients, driving down mail prices where there is competition. It is unlikely that competitors would create an end-to-end network in parallel to Canada Post's comprehensive infrastructure. In this scenario, CUPW is concerned that individuals, non-profits and small business could end up with higher postage costs to help offset Canada Post's losses from competition. Deregulation could also threaten uniform rates, as Canada Post could be left to carry out the universal service obligation on its own. As our population ages, electronic substitution is not a full reality for everyone. In some rural and remote communities, access to the Internet is still a challenge. In addition to our concerns, there appears to be little public support that “major regulatory or legislative changes are necessary or desirable.”<sup>31</sup>

Unfortunately, Canada Post has already experienced some deregulation of mail covered under its exclusive privilege. Starting in 2004, there was a legal dispute over the interpretation of the exclusive privilege for outbound international mail. For the previous ten to fifteen years, Canada Post was concerned that other companies (also known as remailers) were collecting and delivering

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<sup>30</sup> Canada Post Corporation. Canada Post Corporation 2023 Annual Report. 2023, [www.canadapost-postescanada.ca/cpc/doc/en/aboutus/financialreports/2023-annual-financial-report.pdf](http://www.canadapost-postescanada.ca/cpc/doc/en/aboutus/financialreports/2023-annual-financial-report.pdf).

<sup>31</sup> Geoff Bickerton, James Sauber and Katherine Steinhoff. *Is North America preparing to embrace postal deregulation?* Prepared for the 16th Conference on Postal and delivery Economics, Rutgers University, held on May 28 – 31, 2008.

outbound international mail. Judge James D. Carnwath of the Ontario Superior Court of Justice ruled that the interpretation of the exclusive privilege included letters addressed to foreign destinations. Remailers fought this and in 2006, a representative group, the International Mail Association, issued a media release that accused Canada Post of trying to “expand its monopoly over international mail” and claimed that the corporation's action would destroy “thousands of jobs linked to Canada's thriving \$100-million outbound mail industry.”<sup>32</sup> Canada post estimated that remailers were siphoning off \$60 to \$80 million per year in its international mail business. Despite the Government's recognition that “the activities of international remailers cost Canada Post millions of dollars each year and erodes the Corporation's ability to maintain a healthy national postal service and provide universal service to all Canadians,” it initiated two pieces of legislation that would have deregulated this mail.<sup>33</sup> Even though they failed to pass, in 2010, the federal government attached the deregulation legislation to an omnibus budget bill. Its passage ended the exclusive privilege for international bound mail and eroded the Crown corporation's revenue-generating capacity.

In 2014, unlike its European counterpart, Canada agreed only to partial protection of the postal service under the Canada-European Union Comprehensive Economic and Trade Agreement (CETA). This means that while Canada is allowed to maintain its existing exclusive privilege to handle letters, it locks in current and future government decisions to deregulate Canada Post. For outbound international mail, it means that this mail is permanently deregulated. As long as the agreement exists, any further deregulation would be irreversible. This would be especially dangerous if a deregulated move proves to be disastrous for the Canadian public.

When looking at international deregulation to date, full-scale deregulation has not produced good results for the public or postal workers. In general, it has led to post office closures, job loss, worsening working conditions, increase in customer complaints, lower quality of service and higher postal rates for the public – not large businesses.<sup>34</sup> While the results have been far from a panacea, there is also no equal international comparator to the demanding geographic size, weather variations, population distribution and population density of Canada.

If Canada Post were further deregulated, private companies would have the right to compete for lucrative segments of the domestic letter market, but they would not necessarily be obliged to provide universal service like our public post office. In an already challenging environment, further financial drain resulting from volumes and revenues lost to competition would obviously leave our post office with less money to provide the public with service and postal workers with decent wages, benefits, working conditions and jobs. None of what advocates of privatization and deregulation say explains or provides evidence as to exactly how a for-profit model would be an improvement, increase benefits and provide better services to all of the Canadian public. “It is difficult for [think-tanks] to reconcile free market right wing ideology with the fact that the privatized and deregulated postal services in Europe charge ordinary citizens much more for postage even

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<sup>32</sup> Information and quotations for this section from CUPW's *International Remailers' Attempt to Undermine Canada Post's Exclusive Privilege: Background on Canada Post's dispute with international remailers*, February 16, 2007.

<sup>33</sup> Letter from the office of Minister Cannon dated July 25, 2006

<sup>34</sup> Syndex/UNI Global. *The Economic and Social Consequences of Postal Services Liberalization*. 2018.

though they have important natural advantages such as greater population density and more hospitable weather.”<sup>35</sup>

In terms of pricing, Canada Post has lived up to its mandate in maintaining the one-price-goes-everywhere model, despite calls over the years for distance-based pricing. Uniform pricing is fundamental to the exclusive privilege and universal service mandate. Any discussion of alternatives to uniform letter mail pricing is just a way of rekindling the debate on the removal of the exclusive privilege so that private companies can compete in the transaction mail market.

The pricing structure that was introduced in 2014 returned to a model of heavy favouritism towards large-volume mailers over individuals, non-government organizations, charities and small-businesses. Organizations that could afford a postage meter fared slightly better than those who relied on stamps, but still not as well as commercial mailers. In addition to the softened rate increases for commercial machineable mail, Canada Post also lowered the minimum requirement to receive the discount to 1,000 pieces of mail – down from 5,000.<sup>36</sup>

It is our view that postage rates should be affordable, reasonable and equal for all mail users, and not just favour large volume mailers. The one exception would be that qualified non-profit organizations should have discounted rates.

While CUPW recognizes that our post office must adapt to an ever-changing world, the Union does not support transforming our public-oriented post office into a commercially driven business through privatization and deregulation. The exclusive privilege is still fundamental to maintaining Canada Post's universal service obligation at uniform rates. However, with the significant shift of the mail mix toward parcels, Canada Post must find new ways to expand services that generate revenue to offset the cost of its universal service obligation. For the foreseeable future, there will still be the need to use letter mail service to send things across the country.

Though prognosticators have predicted the death of the letter for some time, it is not unrealistic to say that some transaction mail items may never be able to be replaced by electronic alternatives. Indeed, while letter volumes continue to decline, across a range of markets, there are some indicators that volumes will stabilize, albeit at a low level.<sup>37</sup> We must maintain strong public policy and innovate to ensure that the postal needs of everyone, in every corner of our country, are met equally.

## Improvements to the *Canadian Postal Service Charter*

The introduction of the *Canadian Postal Service Charter* in 2009, codified many things that were in already existing policy – but the public was never consulted as to what should go in the *Postal*

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<sup>35</sup> Geoff Bickerton, James Sauber and Katherine Steinhoff. *Is North America preparing to embrace postal deregulation?* Prepared for the 16th Conference on Postal and delivery Economics, Rutgers University, held on May 28 – 31, 2008.

<sup>36</sup> Canada Post, Overview of Price and Service Changes

<sup>37</sup> Universal Postal Union. *State of the Postal Sector 2023: A Hyper-Collaborative Path to Postal Development*. UPU, 2023.

*Charter*. Since the *Postal Charter* was introduced, many individuals and groups, including municipalities and postal unions, have raised concerns about transparency, accountability and other issues.

The *Postal Charter* includes a provision that upholds the moratorium on rural post office closures. However, the 1994 moratorium protects public post offices in rural *and* small one-post-office towns – but the *Postal Charter* says nothing about the 1994 moratorium. Despite the moratorium, the Canadian Postmasters and Assistants Association reported to the 2016 Review of Canada Post that more than 350 rural post offices had been closed.<sup>38</sup> In its 2024 review of the sustainability of Canada's postal service in rural and remote communities, the Standing Committee on Government Operations and Estimates, updated the number of closures to 516 based on data provided by Canada Post.<sup>39</sup>

Since its release in 2009, CUPW has had concerns about the *Postal Charter's* section on *Community Outreach and Consultation*. While we agree that public consultation is vital, it needs to be a lot stronger. The *Postal Charter* says that the government expects Canada Post to meet with people at least one month prior to closing, moving, or amalgamating their public post office. To change delivery methods, Canada Post has the option to notify people in writing. The corporation is also expected to explore options that address people's concerns. One month's notice is nowhere near enough time for an entire community to discuss a public post office closure or figure out where a rural mailbox should go.

The *Postal Charter* must also be reviewed every five years – which it has not. Canada Post's most recent annual report notes that the government affirmed in 2018 that Canada Post needs to continue to meet the expectations of the *Postal Charter*, but there was no full public review at that time.<sup>40</sup> Of course, any review of the *Postal Charter* is double-edged sword; it could result in service improvements, but it also could result in cuts. In any case, it must include full, broad public consultation and hearings with all stakeholders.

Our long-standing recommendations on improving the *Postal Charter* include:

### **1) Moratorium on closures needs to be clarified**

The Government has confirmed that the *Postal Charter* maintains the existing moratorium. The moratorium that has been in effect since 1994 protects public post offices in rural and small one-post-office towns. Unfortunately, it appears that Canada Post does not believe the moratorium protects the public nature of post offices. The Corporation says each situation will be “determined on a case-by-case basis in consultation with the affected community.”<sup>41</sup> The Government needs to

<sup>38</sup> Government of Canada, Standing Committee on Government Operations and Estimates. *The Way Forward for Canada Post*. 2016.

<sup>39</sup> Government of Canada, Standing Committee on Government Operations and Estimates. *Canada's Postal Service: A Lifeline for Rural and Remote Communities*. 2024.

<sup>40</sup> Canada Post, “Service Charter | 2023 Annual Report.” Canada Post, [www.canadapost-postescanada.ca/cpc/en/our-company/financial-and-sustainability-reports/2023-annual-report/corporate/service-charter.page](http://www.canadapost-postescanada.ca/cpc/en/our-company/financial-and-sustainability-reports/2023-annual-report/corporate/service-charter.page).

<sup>41</sup> Michelle Martin, Labour Relations Officer, Canada Post, Email to Cindi, National Union Representative, CUPW, November 13, 2009



tell people if there is an expectation that the post offices and outlets covered by the moratorium are to be public offices and not private outlets.

## **2) Consultation period needs to be extended**

The *Postal Charter* says that the Government expects Canada Post to inform people at least one month prior to closing, moving or amalgamating their public post office or changing their method of delivery. The Corporation is also expected to explore options that address people's concerns. One month is not enough time. The Government should dramatically extend the consultation period.

## **3) Exceptions to moratorium need to go**

There are too many exceptions to the moratorium. Communities may face post office closures due to retirement, illness, death, fire, or termination of lease, etc. The exceptions should be removed from the *Postal Charter*.

## **4) Consultation process needs to be posted**

The process that must be followed when Canada Post closes, moves or amalgamates a public post office or changes the method of delivery has not been made public by Canada Post or the government. This process should be posted in a prominent place on Canada Post's website.

## **5) Canada Post shouldn't report on its own performance in meeting Charter expectations**

This job should be given to an independent Canada Post ombudsperson.

## **6) The public and key stakeholders need to be consulted on the Charter**

The people who own Canada Post – the public – were never asked what a Canadian Postal Service Charter should say. The Government should consult with the public, their elected representatives, postal unions and other major stakeholders to dramatically improve the *Canadian Postal Service Charter*, including developing a reasonable, uniform, and democratic process for making changes to the postal and delivery network.

# Postal Operations, Products, and Services

## Canada Post: An “Unrivalled” Delivery Network

According to Canada Post's annual reports, the Corporation's delivery network is “unrivalled.”<sup>42</sup> Not only does Canada Post operate the country's largest network, it also plays a unique role: It is the only operator to deliver to every one of the country's 17 million addresses.<sup>43</sup>

<sup>42</sup> [Our superior network | Annual Report 2019 | Canada Post](#)

<sup>43</sup> [Executive summary | 2023 Annual Report | Canada Post](#)



Alongside its exclusive privilege to collect and deliver letter mail ("Transaction Mail"), Canada Post also operates the "Direct Marketing" (advertising mail and publications mail) and parcels segments.

Parcel volumes have increased dramatically, even as the volume of traditional letter mail has declined since its peak in 2006. Between 2015-2023, CPC's parcel volumes grew from 181 million per year to 296 million per year, a 63.5% increase.

From a revenue perspective, the results have been even more impressive. Between 2015-2023, parcel revenues more than doubled from \$1,646 million to \$3,482 million. Since 2019, the parcels segment has come to overtake letter mail as the most important source of the Corporation's annual revenues.

Canada Post's physical delivery network is especially important to the country's small- and medium-sized businesses, as well as its rural, remote, and northern communities. As the e-commerce retail sector continues to grow, Canada Post's competitive pricing and its unparalleled reach make it well positioned to enable small- and medium-sized businesses to compete with the massive, multinational retailers that threaten to dominate the e-commerce market.

During the recent postal strike, *TVA Nouvelles* published a comparative analysis of the cost of shipping small and oversized packages with Canada Post against its major competitors on different geographic scales.<sup>44</sup> While CUPW cannot speak to its accuracy, *TVA Nouvelles'* data in the table below suggests that Canada Post offered the lowest prices for domestic parcels on each of the four scales TVA examined:

**Table Two: Canada Post Pricing vs Competitors**

	Canada Post	Purolator <sup>45</sup>	FedEx	UPS	Canpar	GLS
Small parcel, Montreal-Quebec	\$20.07, 3 days \$24.40, 1 day	\$45.28, 1 day	\$24.36, 1 day	\$33.90, 1 day	\$50.32, 1 day	\$41.02, 1 day
Oversized parcel, Montreal-Quebec	\$80.02, 3 days	\$183.61, 2 days	\$107.41, 1 day	\$150.47, 2 days	\$152.65, 1 day	\$325.77, 1 day
Small parcel, Gatineau-Gaspé	\$25.37, 4 days	\$81.89, 5 days	\$54.90, 6 days	\$81.34, 6 days	\$74.69, 2 days	\$55.52, 3 days
Small parcel,	\$18.33, 3 days	\$61.29, 1 day	\$27.23, 1 day	\$33.38, 1 day	\$51.98, 1 day	\$40.32, 1 day

<sup>44</sup> [Grève à Postes Canada: 6 solutions de rechange pour faire livrer vos colis | TVA Nouvelles](#)

<sup>45</sup> CUPW understands that during the strike Purolator was offering discounts up to 65% for 12 months for new small or medium business accounts.

Montreal-Toronto	\$23.98, 1 day					
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Source: Grève à Postes Canada: 6 solutions de rechange pour faire livrer vos colis | TVA Nouvelles

The Corporation's "Direct Marketing" (advertising mail and publications mail) continues to be another important source of volume and revenues. After a downturn during the height of the COVID-19 pandemic, Direct Marketing has since rebounded. Volumes increased in each of the years 2021-2023, as well as the first three quarters of 2024. In 2024, Canada Post delivered more than 1 billion pieces of Direct Marketing mail in the first 3 quarters of the year for the first time since 2019.

Growth in "Neighbourhood Mail" (advertising mail) has driven this recovery. For instance, in its Q3 2024 report, Canada Post reported that Neighbourhood Mail had experienced 32.7% revenue growth and 31.5% volume growth year-over-year.<sup>46</sup>

Marketing experts and consultants continue to emphasize the benefits of direct mail, even in the digital age. As Xerox suggests, alongside other outreach channels like social media and SMS messaging, direct mail "remains a critical part of the mix" for advertising and marketing campaigns.<sup>47</sup>

According to the e-commerce platform Shopify, direct mail marketing campaigns benefit from a significantly higher response rate compared to e-mail campaigns. Citing the Association of National Advertisers, Shopify suggests email campaigns get a 1% response rate, while direct mail gets "a response rate as high as 9%."<sup>48</sup>

Daily delivery will remain critical to the success of the Corporation's operations for the foreseeable future. Canada Post's biggest customers in the parcel, advertising mail, and high-value mail businesses continue to expect daily delivery of their products, as anything less would undermine their market competitiveness.

Canada Post itself has repeatedly insisted that moving away from everyday delivery is neither financially nor operationally viable. As the Union reported in its 2016 submission to the review of Canada Post, the Corporation has published many statements on its website explaining the importance of maintaining everyday delivery, particularly as e-commerce becomes more important:

Canada Post considered a wide range of options to sustain postal service, including reducing the frequency of delivery. ... Canada Post is simply not structured in a way that makes this feasible, efficient or cost effective. Our customers – both the senders and the receivers – expect us to deliver parcels every business day, and this daily delivery is all the more important, given the rise in online shopping and e-commerce. More and more, we are structuring our operations so that we deliver mail and parcels at the same time. Daily delivery for parcels and alternate day delivery for mail simply doesn't make sense for us or our customers.

<sup>46</sup> Canada Post Corporation, Third Quarter Financial Report, page 22.

<sup>47</sup> [Benefits of Direct Mail Marketing - Xerox](#)

<sup>48</sup> [Complete Guide to Direct-Mail Marketing: Advantages and Costs - Shopify Canada](#)

### Recent Transformations in Canada Post's Delivery Network and Operations

In the last decade and a half, Canada Post's delivery network has undergone significant change, as the Corporation has sought to lower labour costs and enhance its "flexibility" in response to a shifting mail mix.

Full-time employment in the Urban Operations Bargaining Unit has been significantly reduced. The Corporation's various "modernization" projects, such as the motorization of letter carrier delivery routes, the introduction of "sequencing" machinery to sort mail to the point of call prior to its arrival at the depot, and the conversion of much door-to-door delivery to community mailbox (CMB) delivery have had major impacts on the Corporation's workforce and cost structure. This is to say nothing of shifting working conditions and workloads.

The table below compares full-time employment in the Urban Operations Bargaining Unit in 2006 and 2023.

**Table Three: Full-Time Employment, Groups 1 and 2, Urban Unit, 2006 vs 2023**

	Group 1 (Inside)	Group 2 (Delivery)
Total FT Employment, 2006	13,400	21,500
Total FT Employment, 2023	9,900	16,900
Total Change	(3,500)	(4,600)
% Change	(26%)	(21%)

In total, the Corporation's transformation initiatives, aimed to enhance its "ability to be as cost competitive and operationally flexible as possible,"<sup>49</sup> have resulted in the elimination of approximately 8,100 full-time positions in the Urban unit since 2006. This is largely in line with the Corporation's "Labour Transformation" objectives outlined in its 2015-2019 Corporate Plan.<sup>50</sup>

Part and parcel of this transformation has been a major shift in the Corporation's modes of delivery. In the last decade, CMB and other centralized points of delivery have come to represent an increasingly important share of the points of call Canada Post serves.

**Table Four: Modes of Delivery, 2014 vs 2023**

	2014	2023	% Change
Door to door	4,980,959	4,197,503	(16%)
Centralized point	3,957,753	4,865,553	23%

<sup>49</sup> Canada Post Corporation, Summary of the 2015 to 2019 Corporate Plan, page 19.

<sup>50</sup> Ibid, page 19.

Group mailbox, CMB, kiosk	4,255,859	5,967,221	40%
Delivery facility (e.g., po box)	1,768,848	1,662,259	(6%)
Rural mailbox	713,642	704,543	(1%)
Total	15,677,061	17,397,079	11%

Sources: Canada Post Corporation Annual Reports and author's calculations

As the table demonstrates, since 2014 the growth in addresses the Corporation must serve has been concentrated entirely in the least labour-intensive modes of delivery, namely centralized points, group mailboxes, CMBs, and kiosks.

These changes in the Corporation's delivery network and the mix of products being delivered have impacted Canada Post's cost structure. In recent years, there has been a notable increase in what Canada Post classifies as "Non-labour collection, processing and delivery costs" in its financial reports. Between 2017-2023, this line item grew from \$891 million to \$1,381 million, representing a 55% increase.

### CUPW and Delivery Transformation

The transformation of Canada Post's delivery operations has been far from painless from CUPW's perspective. Many of the Corporation's proposals to "bring flexibility" to the delivery network have heightened labour-management conflict and undermined the Union's trust in management, as CUPW and its membership have borne the brunt of the changes, whether in the form of job loss, increased workloads, worsening work-life balance, among others.

Nevertheless, the Union has recognized, and continues to recognize, the need to adapt the Corporation's operations to changing market realities. From the Union's perspective, operational changes must strike the proper balance between improving productivity, maintaining superior customer service standards, and promoting workers' rights to safe working conditions, stable employment, and income security. As such, the Union insists that major transformation initiatives impacting delivery must involve all relevant stakeholders, including the government, the Corporation, the public, and the Union. The benefits of productivity improvements must be equitably shared.

It is important to note that the Union has negotiated sophisticated mechanisms in the Urban collective agreement precisely for the purpose of working jointly with Canada Post to pilot and evaluate changes to delivery models and work methods. Indeed, Appendix "AA" ("Collection and Delivery Operating Model") allows the parties to "temporarily change provisions in the collective agreement to carry out [jointly-agreed] pilot projects and permanently introduce new conditions of employment after the completion of the pilot."<sup>51</sup> Critically, one of the objectives of this Appendix is "to address the needs of the Corporation, its employees and its customers."<sup>52</sup>

<sup>51</sup> Lynn Bue and Geoff Bickerton, "The Role of Pilot Projects in Facilitating Changes in Work Organization in the Postal Sector Canadian Case Study," page 4.

<sup>52</sup> Agreement between Canada Post Corporation and the Canadian Union of Postal Workers, Expiry: January 31, 2022, page 524.

In recent rounds of bargaining, the Union has demonstrated its openness to making changes to the delivery model. In the 2016 round, the Union agreed with Canada Post to a new parcel delivery model under Appendix “JJ” of the Urban collective agreement.

Titled “Pickup and Parcel Delivery Outside the Regular Daily Delivery Network,” the goal of Appendix “JJ” was to enable Canada Post to deliver parcels in mornings, evenings and on weekends. To do so, the parties agreed to the creation of a new function within the letter carrier classification called “Part-Time Parcel Delivery Relief” (PT PDR). Appendix “JJ” was to initially use temporary employees, but as volumes grew, there was to be a mechanism to create regular part-time positions within the model.

From the Union’s perspective, Appendix “JJ” represents a lost opportunity. From the time of its introduction in 2016 until this most recent round of bargaining starting in November 2023, the Corporation failed to properly explain to the Union what it perceived to be the shortcomings of the Appendix “JJ” model. For the Union, this was all the more frustrating as Appendix “JJ” was an employer demand, and the Corporation had the 2018 and 2021 rounds of bargaining, not to mention the forum of the Appendix “AA” Committee to propose solutions.

Again, in this round of bargaining, the Union showed its willingness to negotiate weekend delivery work. In doing so, however, the Union insisted on several key principles the Corporation appeared unwilling to respect: the preservation of full-time jobs on the Monday-Friday schedule, stable and predictable hours, and a solid ratio of full-time to part-time work.

In 2018, the parties agreed to pilot a “dynamic routing” delivery model. The pilot's objective was “to test flexible dynamic routing delivery models (motorized and foot walks) that maximize a predictable workday for employees, enable predictable delivery for customers and enhance the overall employee and customer experience.”

Under the pilot, the parties agreed to allow Canada Post, with the use of dynamic routing software, to adjust workloads on a daily, weekly, and seasonal basis in response to shifting volumes profiles.

Canada Post brought dynamic routing back as a renewed demand in the 2023 round of bargaining. However, from the Union’s perspective, the Employer showed little willingness in drawing lessons from the joint pilot project, and instead, insisted on bringing a model that advanced management’s rights over all other objectives.

On the rural side, as part of the 2021 agreement to renew the RSMC collective agreement, CUPW and Canada Post agreed to work together “to transition Rural and Suburban Mail Carriers to an hourly rate of pay system, conditional upon the development of an updated approach to the Rural and Suburban Mail Carriers’ workload and work content measurement.”<sup>53</sup>

CUPW remains committed to exploring changes to Canada Post’s delivery model in ways that meet the needs of the Canadian public, while respecting the rights, working conditions, and contributions of postal workers to this important national infrastructure.

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<sup>53</sup> *Perspective Magazine*, Summer 2021, page 6.

## The Moratorium on Post Office Closures: A Means to an End

CUPW strongly opposes the closure and franchising of retail facilities. We support the current moratorium on rural closures originally announced on February 17, 1994, by the newly elected Liberal government. This action was a direct result of a decade of struggle by rural Canadians aided and supported by the postal unions.

Community post offices continue to play an important role in the lives of Canadians. This is especially true in rural areas and smaller towns where the post office is the sole manifestation of the Canadian federal government. In many regions the post office is also an important source of stable employment, especially for women.

The moratorium was a response to Canada Post and the Conservative government's attempt to close and/or franchise virtually all of the corporate offices in Canada. In May 1986, CPC President Don Lander informed a Parliamentary Committee that the federal government was pushing Canada Post to privatize postal counters. He stated that this "was not a Canada Post plan." In November 1986, the CPC Five-Year Business plan called for the elimination of all 5,200 rural post offices and the opening of 3,500 franchises. The remaining 1,700 post offices were to be replaced by community mailbox service.

During the next seven years, rural communities and the postal unions participated in a campaign against the cuts to rural postal services. Massive public opposition delayed the government's timetable for closures. Opposition took many forms including resolutions passed by hundreds of municipalities, the establishment of "franchise-free" zones, petitions and demonstrations. In some cases, resistance to post office closures was dramatic and emotional. For example, in 1993 in St. Clement, Quebec, residents blockaded the post office with farm implements, tractors and trucks for 59 days. The campaign received considerable support from urban areas including both the Liberal and NDP political parties. Liberal leader John Turner highlighted the need for security of the mail as a primary reason to maintain corporate outlets as opposed to franchises.

Between 1987 and 1994, considerable damage was done to rural postal infrastructure. Altogether 68 staff offices, 1,374 revenue offices and 274 semi-staff offices were closed.

The moratorium was not only a victory for rural community activism, it was recognition of the importance of federal postal services as a needed connection between the populace and their government. The preservation of the rural network has maintained an important federal presence in rural communities. It also ensures that CPC has much greater ability to train staff in new operational techniques and provide new product offerings to the public.

### Third Parties Critical of Closures

The 1989 Postal Services Review Committee was very critical of the program to close rural post offices and noted in its report that CPC acknowledged the anticipated financial savings of the program had not materialized.



The 1996 mandate review conducted significant public opinion polling concerning this issue which revealed enormous support for rural postal services. The review opposed the closure of rural post offices and recommended to maintain the moratorium. It stated, “cost-cutting cannot be the sole criterion for the decisions of a public sector entity like Canada Post, whose whole reason for existing is founded on its capacity to meet public policy needs. It is a finding of this review that maintaining the network of rural post offices is a crucial and necessary component of Canada Post’s public policy responsibility to contribute to national unity and our nation’s social development.”

### **Expanded Services Necessary**

The union also believes the moratorium is a means instead of an end. We believe that CPC, communities, and the unions should work together to expand the number and type of services that can be provided in post offices. Other countries offer banking, insurance, financial and other government services through their rural and urban post offices and we believe CPC should do the same. We are somewhat optimistic that the current initiatives CUPW and CPC are undertaking under Appendix T will lead to a further increase in financial services offered to Canadians through Canada Post.

### **Service Expansion, Innovation and Change: Appendix “T” under the Urban Postal Operations Collective Agreement**

Appendix “T” consists of two joint committees between Canada Post and CUPW dedicated to finding collaborative solutions for service expansion and innovation while creating jobs for postal workers. Senior leadership from both parties sit on the Steering Committee, and a dedicated Working Committee provides research and project development support. The committees have a broad mandate which includes proposing and launching service expansion pilot projects that can become a permanent part of Canada Post’s operations. Appendix “T” has the unique ability to modify the collective agreement between rounds of bargaining, and is also supported by an independent, mutually agreed upon advisor with the ability to resolve conflicts.

### **Financial Services**

In late 2024, following extended discussions at the Appendix “T” joint committees, Canada Post announced that it would be partnering with KOHO Financial to provide the MyMoney account, a chequing and savings account targeted at underserved Canadians and those seeking high interest rates.

Scheduled for launch in early 2025, this new financial services partnership provides a major service expansion opportunity for Canada Post, working with an established partner. Rather than focus on cuts to health, safety, and good jobs, the Corporation should direct its energies into further expanding their services in the financial sector, a proven source of postal revenue.

As letter volumes around the world have continued to decline, postal services have adapted by diversifying their products. Four in five postal services offer some variety of financial services to their customers. Financial services now account for close to 20% of the average postal service's revenue, according to the Universal Postal Union (UPU), which also comments that "Economic and environmental sustainability hinges on the postal sector's ability to adapt, innovate and collaborate. Despite uncertainties, the overarching trajectory appears promising, especially if the industry capitalizes on emerging trends and adopts a multifaceted approach to service delivery."<sup>54</sup>

One of the most successful models is La Banque Postale, the French public postal bank, which generated 2.1 billion euros of profit in 2023. The bank also provides a vital public service, providing a "Livret A" savings account free of charge,<sup>55</sup> and tens of billions of euros in insurance products and loans to its customers.

While Canada Post has regrettably expressed no interest in creating a postal bank, there is still much it can do, and it has clearly expressed an interest in providing financial services. As the Corporation's 2023 Annual Report notes, "We continue to explore innovative programs and features to expand banking access for more Canadians through new or existing financial services in our lineup."<sup>56</sup>

There are several viable international models Canada Post can follow, beyond a full-scale postal bank as in France or Japan. In the United Kingdom, the Post Office has a partnership with all major banks and allows customers to deposit cash and cheques as well as withdraw funds. Australian Post has a similar program with the country's financial institutions. In Switzerland, the post office is very active in the retail and business to business (B2B) markets, while also growing its market share in investments, pensions, real estate, and other financial products.

Canada Post already possesses the largest retail network in Canada. The Union is heartened to see that they have begun leveraging these assets to enter the financial services sector. Research has shown that revenues are higher when financial services are integrated into postal networks.<sup>57</sup>

In the following two years, Canada Post could use the customer base gained from the MyMoney account to diversify its financial services. It could begin offering personal loans, expanding its existing business loan program to provinces beyond Alberta, and provide other credit products. At this point, it would not be unreasonable to begin pursuing partnerships with other banks and credit institutions, as the UK has done.

From a 5-year outlook, if its provision of financial services has been a success (as it has been for many postal services across the world), Canada Post could pursue an expansion into other financial products, such as insurance, investment products, or even the real estate market. It could also enhance its business loans and existing products with better offerings.

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<sup>54</sup> Universal Postal Union. *State of the Postal Sector 2023: A Hyper-Collaborative Path to Postal Development*. UPU, 2023.

<sup>55</sup> CUPW, *A Bank For Everyone*, Fact Sheet, 2016.

<sup>56</sup> 2023 Annual Report Canada Post Corporation, page 88.

<sup>57</sup> Universal Postal Union (2023). *Global Panorama on Postal Financial Inclusion 2023*. Berne: Universal Postal Union.

And in 10 years' time, perhaps Canada Post will see that financial services provide substantial revenues that could be used to start their own public bank, as in France, Switzerland, Italy and New Zealand. Even if it doesn't choose to go this route, both CUPW and Canada Post have agreed there is merit in these services.

Success in providing financial services would also be a major boon for Canada Post's long-term financial viability. Postal financial services play a stabilizing role which can "serve as a financial cushion that allows postal operators more leeway in experimenting with new business models and revenue streams."<sup>58</sup>

### Senior Check-Ins

Another key pilot project proposed by the Union and discussed in the Appendix "T" committee is senior check-ins – where postal workers are hired by Canadians to check in on senior citizens, people with mobility issues and other vulnerable populations on a regular basis.

Like financial services, senior check-ins are a program regularly practiced by other postal services throughout the world. Japan Post, in addition to its remarkably successful financial and insurance services, is known for its robust "Watch Over" program, where postal workers pay monthly home visits to senior citizens to perform wellness checks. La Poste also offers a similar program in France, where weekly visits are made to vulnerable citizens, and a report is sent to the concerned family member. These programs generate revenue for the postal services through subscription fees, while other programs are supported by government partnerships and funding.<sup>59</sup>

While these nation-wide programs are exemplary, smaller-scale projects of this nature have also been successful. On the Isle of Jersey in the UK, postal workers ask citizens enrolled in their "Call & Check" program a simple list of questions to make sure they're doing well. They often inquire as to how the seniors are doing, whether they're experiencing problems with their medication, and if there are any problems that need to be communicated to a family or community member or service provider. This program entails a simple, short conversation, after which the postal worker resumes their mail route. We are not proposing that postal workers become social workers, nurses or doctors.

There is potential in the next 5 or 10 years to expand such a program if pilots proved to be successful, such as partnerships with hospitals or personal care homes to reach larger numbers of citizens.

In addition to the revenue generated, a senior check-in program would provide a vital public service to a population which, according to Statistics Canada, is projected to include 2.7 million citizens

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<sup>58</sup> UPU 2023.

<sup>59</sup> Naylor, S., and S. K. Sinha. *Special Delivery: How Canadian Postal Workers Could Better Enable Ageing in the Right Place*. National Institute on Ageing, Toronto Metropolitan University, 2023, <https://static1.squarespace.com/static/5c2fa7b03917eed9b5a436d8/t/64f22258dd2eba5d7d3d8da5/1693590104594/EN+Postal+Workers+Report.pdf>.

who are 85 or older by 2050.<sup>60</sup> It would also aid Canada Post in honoring the Truth and Reconciliation Commission's Calls to Action.

This position has been endorsed by Dr. Samir Sinha of the National Institute of Ageing, who also noted that postal workers are trusted by 87% of the Canadian population, making them an ideal candidate to deliver this kind of service.<sup>61</sup> Unfortunately, Canada Post has been unwilling to pursue this opportunity for service expansion.

### **Other Projects and the Role of Appendix "T"**

Aside from these two projects (which the Union continues to strongly advocate for), Appendix "T" is currently investigating government services, grocery delivery, and better service options for Indigenous communities as possible pilot projects.

Due to its unique structure, the committee is an ideal tool for the parties to collaborate in a mutually agreeable and beneficial way, and its work continues even when a collective agreement has been reached. As noted elsewhere, past Appendix "T" successes have included contracting in a variety of work, including maintenance, corporate transport and parcel delivery, training postal workers for jobs in the evolving postal service, and expanding services at retail counters and post office across the country and at the door. It is important to emphasize that all these initiatives were independently evaluated and deemed successful on a cost and quality basis, in several cases saving the corporation significant sums of money.<sup>62</sup>

The Union is willing and able to collaborate directly with management to make Canada Post more economically and environmentally sustainable. Appendix "T" is an existing structure for realizing service expansion that has previously been successful at breaking impasses between the parties and launching projects that later became a permanent part of Canada Post's operations. We urge the Corporation to make increased use of these joint committees as it seeks to adapt to the challenges of today's rapidly transforming postal sector.

### **Reinstatement of the Food Mail Program**

In 2010, the Federal government replaced the decades-old and well-established Food Mail Program (FMP) with Nutrition North Canada (NNC). Both programs have helped to make healthy food and other eligible non-food essentials available and more affordable in remote communities through a transportation subsidy. Programs like these are critical policy interventions in the context of

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<sup>60</sup> Government of Canada, Statistics Canada. *A Portrait of Canada's Growing Population Aged 85 and Older from the 2021 Census*. 27 Apr. 2022, <https://www12.statcan.gc.ca/census-recensement/2021/as-sa/98-200-x/2021004/98-200-x2021004-eng.cfm>.

<sup>61</sup> Naylor and Sinha 2023.

<sup>62</sup> See the section entitled "Contracting In Work: Possible with Union-Management Cooperation" later in this submission. See also: Bickerton, Geoff, and John Macdonald. "Service Expansion and Innovation and Lifelong Learning at Canada Post." *Presented to the Canadian Industrial Relations Association Annual Conference*, 2001.

elevated levels of food insecurity. Traditional diets of locally sourced food are difficult and expensive to access in the North and fresh, perishable food available from retailers is usually much more expensive than less-nutritious items, resulting in reduced access to healthier options. According to the latest numbers from Statistics Canada, food insecurity is as high as 62.6% in Nunavut, far outstripping the national average of 16.9%.<sup>63</sup>

### From Food Mail to Nutrition North

Under the FMP, Canada Post billed food retailers for shipping at the subsidized rate, and the program offset the remainder of the cost. Postal workers were engaged in inspecting food for eligibility, as well as freshness and quality. Lists of eligible food items were developed by Indian and Northern Affairs Canada (INAC), the lead department at the time, in collaboration with Health Canada. FMP staff went to northern communities to verify prices, consulted with residents and produced many studies on food security and dietary intake.<sup>64</sup> Nonetheless, the cost of the program continued to rise, and prices and access remained uneven across participating communities.<sup>65</sup>

NNC was intended to be a contained cost for the Government, while also narrowing the list of eligible items. From a revenue generation point of view, NNC shifts the program subsidies from Canada Post to retailers who are obligated via contribution agreements to pass savings on to consumers. Program compliance reports review retailer practices with meeting and applying the subsidy regulations. A year after the transition to NNC, however, its costs exceeded those of the FMP and its annual \$60 million cap and have continued to grow.<sup>66</sup>

### Failing Forward

As early evaluations by academics, the UN Special Rapporteur on the Human Right to Food and Canada's Auditor General (AG) found, measures to evaluate the performance of the new program and to ensure that retailers were passing on the subsidy to consumers were inadequate – dependent on retail self-reporting – or remained unimplemented.<sup>67</sup> Widespread and vocal discontent from participating communities was also heard, especially regarding the exclusion of non-food essentials including equipment to harvest 'country foods.' INAC agreed with the AG's

<sup>63</sup> Government of Canada, Statistics Canada. *The Daily — Canadian Income Survey: Territorial Estimates, 2022*. 19 June 2024, <https://www150.statcan.gc.ca/n1/daily-quotidien/240619/dq240619d-eng.htm>.; Government of Canada, Statistics Canada. *Canadians Are Facing Higher Levels of Food Insecurity*. 16 May 2024, <https://www.statcan.gc.ca/o1/en/plus/6257-canadians-are-facing-higher-levels-food-insecurity>.

<sup>64</sup> Kristin Burnett, Kelly Skinner, and Joseph LeBlanc, *From Food Mail to Nutrition North Canada: Reconsidering federal food subsidy programs for northern Ontario*, Canadian Food Studies, May 2015. <https://canadianfoodstudies.uwaterloo.ca/index.php/cfs/article/view/62/69>.

<sup>65</sup> Indian and Northern Affairs Canada. *Food Mail Interim Report*. 2009, <https://caid.ca/FoodMailIntRev031509.pdf>.

<sup>66</sup> Galloway, Tracey. "Canada's Northern Food Subsidy Nutrition North Canada: A Comprehensive Program Evaluation." *International Journal of Circumpolar Health*, vol. 76, no. 1, Feb. 2017, p. 1279451. *PubMed Central*, <https://doi.org/10.1080/22423982.2017.1279451>.

<sup>67</sup> Galloway; Government of Canada, Office of the Auditor General of Canada. *Chapter 6—Nutrition North Canada—Aboriginal Affairs and Northern Development Canada*. 25 Nov. 2014, [https://www.oag-bvg.gc.ca/internet/English/parl\\_oag\\_201411\\_06\\_e\\_39964.html#hd3a](https://www.oag-bvg.gc.ca/internet/English/parl_oag_201411_06_e_39964.html#hd3a).;



report, expanding the list of eligible communities and subsidy rates in 2016, and committed to their own study, introducing a series of reforms in 2019.<sup>68</sup>

Recent analysis has found that, despite reforms, compliance issues remain unresolved, putting the amount of the subsidy passed on to consumers at only 67 cents on average, and as low as 55 cents in some cases, with private retailers pocketing nearly half of the subsidy.<sup>69</sup> More troubling, although there was some regional variation, independent evaluations have found that food insecurity in the North *increased* under NNC, with the probability of marginal food insecurity increasing by nearly 15 percent across Northern communities, with a greater impact on Indigenous communities, and children.<sup>70</sup>

It is difficult to assess the true value of the cost of NNC as the last government report on a comparable basket of goods between it and the FMP was from 2021. That report stated that the average cost of the Revised Northern Food Basket is down \$7.37 from prior to 2011.<sup>71</sup> However, over a series of program reforms that began as early as 2011, immediately after its launch, there have been numerous changes to the list of eligible communities, included food items and reporting, among other aspects of the program, that make reliable comparisons difficult. There likewise remains far less rigor when it comes to local oversight, verifications, transparency, and a lack of detailed studies relative to the FMP. Meanwhile, overall program and subsidy spending continues to rise, with the last full quarter report of NNC, Q2 of 2022, putting subsidies at nearly \$30 million.<sup>72</sup>

In 2022, the government once again took some steps to improve and expand NNC. It announced more money for a Harvesters Support Grant (aimed at securing traditional foods) plus a new Community Food Programs Fund, money for a Food Security Research Grant to support Indigenous-led research, and it maintained the higher level of funding that was present during the pandemic, extending the subsidy to local food producers.<sup>73</sup> Despite these improvements, which

<sup>68</sup> Canada, Government of Canada; Nutrition North. *Nutrition North Canada Engagement 2016: Final Report of What We Heard*. report, 6 Apr. 2017. [www.nutritionnorthcanada.gc.ca](http://www.nutritionnorthcanada.gc.ca), <https://www.nutritionnorthcanada.gc.ca/eng/1491505202346/1491505247821>; Canada, Crown-Indigenous Relations and Northern Affairs. *Government of Canada Announces Improvements to Nutrition North Canada Including Support for Country Food*. 10 Dec. 2018, <https://www.canada.ca/en/crown-indigenous-relations-northern-affairs/news/2018/12/government-of-canada-announces-improvements-to-nutrition-north-canada-including-support-for-country-food.html>.

<sup>69</sup> Galloway, Tracey, and Nicholas Li. "Pass-through of Subsidies to Prices under Limited Competition: Evidence from Canada's Nutrition North Program." *Journal of Public Economics*, vol. 225, Sept. 2023, p. 104971. <https://doi.org/10.1016/j.jpubeco.2023.104971>.

<sup>70</sup> Daley, Angela, et al. "From the Food Mail Program to Nutrition North Canada: The Impact on Food Insecurity among Indigenous and non-Indigenous Families with Children." *Canadian Journal of Economics/Revue Canadienne d'économie*, vol. 57, no. 1, Feb. 2024, pp. 27–54. <https://doi.org/10.1111/caje.12688>; St-Germain, Andrée-Anne Fafard, et al. "Food Insecurity in Nunavut Following the Introduction of Nutrition North Canada." *Canadian Medical Association Journal*, vol. 191, no. 20, May 2019, pp. E552–58. <https://doi.org/10.1503/cmaj.181617>.

<sup>71</sup> Government of Canada; Nutrition North Canada. Cost of the Revised Northern Food Basket in 2020-2021. 23 Nov. 2021, [www.nutritionnorthcanada.gc.ca/eng/1634927939937/1634927989569](http://www.nutritionnorthcanada.gc.ca/eng/1634927939937/1634927989569).

<sup>72</sup> Government of Canada; Nutrition North Canada. 2022 to 2023: 2nd Quarter (July, August, September 2022). 15 Sept. 2023, [www.nutritionnorthcanada.gc.ca/eng/1692040547399/1692040631522](http://www.nutritionnorthcanada.gc.ca/eng/1692040547399/1692040631522).

<sup>73</sup> Canada, Crown-Indigenous Relations and Northern Affairs. "Minister Vandal Announces Enhancements to Food Security Programs in Isolated Northern Communities, Promoting Local Food Sovereignty."



responded directly to the demands of northern communities, food prices remain exorbitantly high in many Indigenous communities and the North, while private, southern based retailers capture a significant portion of constantly increasing subsidies<sup>74</sup>

### Delivering an Alternative

Canada Post could once again deliver on improving food security through an expanded Food Mail Program that provides greater program oversight of efforts to bring down the high cost of nutritious food in Northern communities, as it did in the past. Improvements could include independent, Indigenous and Northern led monitoring to ensure the subsidy is being passed on to consumers for eligible goods, including non-food essentials and supplies to support traditional and local food harvesting and production, while protecting consumers from fuel price fluctuations and ensuring all communities pay the same net shipping rate. Food shipments could have chartered service and include inspection of food. Finally, the new program should have greater promotion and awareness of its accessibility for all residents, easily accomplished through Canada Post's network, and be inclusive of all languages and financial situations.<sup>75</sup>

This vision aligns with the Government of Canada's increased commitments and investments in supporting traditional and local food harvesting and production and Indigenous and Northern led initiatives to address food insecurity.<sup>76</sup> A revamped Food Mail Program could also help Canada Post fulfill the goals of its Indigenous and Northern Reconciliation Strategy, introduced in 2020, in which it committed "to renew[ing] its long-standing relationship with First Nations, Métis and Inuit people and Northern communities."<sup>77</sup> Finally, our proposal envisions the postal service making an important contribution to fulfilling the Canadian government's obligations under the Truth and Reconciliation Commission Calls to Action, including Jordan's Principle,<sup>78</sup> to ensure that vital services are delivered to Indigenous people in Canada.

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[www.canada.ca](https://www.canada.ca/en/crown-indigenous-relations-northern-affairs/news/2022/08/minister-vandal-announces-enhancements-to-food-security-programs-in-isolated-northern-communities-promoting-local-food-sovereignty.html), 15 Aug. 2022, [www.canada.ca/en/crown-indigenous-relations-northern-affairs/news/2022/08/minister-vandal-announces-enhancements-to-food-security-programs-in-isolated-northern-communities-promoting-local-food-sovereignty.html](https://www.canada.ca/en/crown-indigenous-relations-northern-affairs/news/2022/08/minister-vandal-announces-enhancements-to-food-security-programs-in-isolated-northern-communities-promoting-local-food-sovereignty.html).

<sup>74</sup> Galloway and Li.

<sup>75</sup> Burnett et. al (2015) noted that barriers cited in other studies of the Food Mail Program were that many people did not know it even existed, there was a perception it was not for Indigenous people, and to make individual orders, it was available only in English or French and required a vehicle and credit card to use it.

<sup>76</sup> The NCC mandate was updated to include food security only in 2021. Canada, Government of Canada; Crown-Indigenous Relations and Northern Affairs. *2024-25 Horizontal Initiative: Nutrition North Canada*. 25 Jan. 2024, <https://www.rcaanc-cirnac.gc.ca/eng/1706209328841/1706209345889>.

<sup>77</sup> Post, Canada. *Canada Post Introduces Indigenous and Northern Reconciliation Strategy*. <https://www.canadapost-postescanada.ca/cpc/en/our-company/news-and-media/corporate-news/news-release/2020-11-17-canada-post-introduces-indigenous-and-northern-reconciliation-strategy>.

<sup>78</sup> Delivering services to Indigenous people, denied by historical and contemporary policies of colonization, especially Indigenous children as mandated by Jordan's principle, are vital when it comes to food security and health.

## Canada Post Must Keep Good Jobs in all Communities

Preserving good jobs in communities is necessary for fostering economic development and social cohesion. As a Crown corporation with a mandate to serve all Canadians, Canada Post has a unique position to support local economies by prioritizing equitable employment that remains in the communities it serves. Instead of replacing corporate post offices with franchises, Canada Post can contribute to the vitality of urban, suburban, rural, remote and northern communities and ensure that workers and their communities benefit from equitable distribution of economic opportunities. This approach aligns with national objectives for inclusive and sustainable growth.

### The Importance of Keeping Good Jobs in their Communities

Well-paying jobs with benefits generate additional economic activity and supports community businesses, services, and infrastructure. For instance, jobs at Canada Post can indirectly support multiple local jobs in sectors like retail, transportation, and the service industry. Preserving jobs in rural, underserved and northern areas helps to address the economic disparity between urban and rural communities. This is especially important for regions that rely heavily on stable employers like Canada Post.

Stable, local jobs foster stronger community ties and reduce migration to large urban centers, particularly in the case of young people seeking better opportunities. This also helps maintain vibrant communities and prevents the erosion of local identities. Furthermore, good local employment opportunities can provide accessible pathways for women, Indigenous workers, and other underrepresented groups to achieve economic autonomy.

Canada Post's workforce includes a large number of rural and suburban letter carriers who used to be classified as independent contractors. Many of them are women. After fighting for decades to be recognized as employees, they have achieved pay equity, good health benefits, a defined benefit pension plan, relief workers and most of all, stable employment.

### Operational Advantages

Keeping good jobs accessible to individuals in their own communities ensures familiarity with local needs and geography and improves service and customer satisfaction. When workers embedded in their communities are satisfied with their jobs, they are better equipped to provide personalized and timely services.<sup>79</sup> They are more likely to remain in positions that are conveniently located within their communities, reducing staffing turnover and associated costs. High retention rates of more knowledgeable and experienced workers deliver better quality services and provide visible local presence that reinforces and strengthens Canada Post's reputation as a trusted public service provider.

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<sup>79</sup> Holtom, B. C., & Darabi, T. (2018). Job embeddedness theory as a tool for improving employee retention. In D. G. Allen & J. P. Vandenberghe (Eds.), *The psychology of retention* (pp. 95-117). Springer. Retrieved from [https://link.springer.com/chapter/10.1007/978-3-319-98920-4\\_5](https://link.springer.com/chapter/10.1007/978-3-319-98920-4_5)

### **The Franchise Model and its Implications for Stability and Job Security**

Franchises often offer lower wages, fewer benefits, and less job security, they are a direct threat to the quality of jobs available in communities. The shift towards replacing corporate offices with franchised outlets negatively impacts service reliability and employee loyalty but also undermines job security. Employees of franchised postal outlets are not Canada Post employees, and do not receive the same benefits, protections, and training that employees of Canada Post receive. This creates a second-tier workforce with diminished career growth opportunities. Closing corporate offices in small towns is not only a violation of the 1994 moratorium, but it also weakens community resilience. Consolidating operations and replacing corporate offices with franchises disproportionately impacts rural and underserved regions and exacerbates economic and service disparities.<sup>80</sup> Canada Post's move to prioritize immediate cost reductions and download responsibility onto host businesses instead of maintaining long-term stability, undermines the broader social and economic benefits of maintaining corporate offices.

### **What Does it Mean for Equitable Employment Practices in General?**

Replacing corporate offices with franchised outlets poses a significant risk to local employment, community well-being, and Canada Post's public service mandate. Canada Post can ensure its long-term sustainability and fulfill its commitment to Canadians by halting this trend and prioritizing stable retail jobs.

Keeping good jobs in the communities is a moral obligation and strategic decision that benefits Canada Post, its workers, and the country in general.<sup>81</sup> Canada Post will strengthen its position as an important public service provider and continue to contribute to the economic and social wellbeing of local communities across Canada by capitalizing on local employment and avoiding the trap of outsourcing and franchising. This approach ensures that Canada Post continues to fulfill its public service mandate while continuing to respond effectively to the needs of the Canadian population.

## **Contracting In Work: Possible with Union-Management Cooperation**

CUPW takes the approach that wherever possible work for Canada Post should be performed by employees of Canada Post. In 1992, the parties agreed to establish a joint union-management committee, Appendix "T" of the urban collective agreement, to examine areas where CPC might expand its services to the public, improve training to employees, and where it might be possible to

<sup>80</sup> Government of Canada, Standing Committee on Government Operations and Estimates. *Canada's Postal Service: A Lifeline for Rural and Remote Communities*. 2024. BPM Insights. (2024, December 20). *Business relocation – 8 key factors to consider before you make the move*. BPM Insights. Retrieved from <https://www.bpm.com/insights/business-relocation/>;

<sup>81</sup> Canada Post Corporation Act, R.S.C. 1985, c. C-10. (1980-81-82-83). Retrieved from <http://laws-lois.justice.gc.ca>. (Current to December 8, 2024; Last amended on June 22, 2023)

contract in work. The agreement provides for the possibility of establishing pilot projects where work would be contracted in on a provisional basis. The differences between the costs and quality of the work as performed by employees would be compared to the previous situation where the work had been performed by contractors. One of the criteria for the evaluation is that the project must be beneficial to the Corporation from a cost-benefit approach. Appendix "T" also provides for a third-party evaluation of the project from perspectives of cost, and quality of service.

There are four examples of successful contracting-in projects that have been undertaken by the parties and where there has been agreement to contract-in the work permanently.

### **1. Maintenance Work at the Edmonton Parcel Sorting Plant (EPPP)**

When it opened in 1989, all of the maintenance work at the EPPP had been contracted out to the local operations of a large multinational company. The rationale that had been given was that the major equipment used at the EPPP, an Italian built ELSAG flat and parcel sorter, was unique in the Canadian postal system and contracting out the work would result in improved quality and reduced costs. Considering that management had previously proposed contracting out all of the maintenance work in all 23 mechanized plants in 1989, CUPW was anxious to bring the work in Edmonton back into the integrated postal maintenance operations. In March 1994, the parties agreed to a pilot project involving the contracting in of the EPPP's maintenance work under Appendix T. Committee funds were allocated to cover the training, transition and any re-location costs. Price Waterhouse was commissioned to evaluate the project from a cost/benefit perspective.

The result was a complete success. Price Waterhouse's evaluation revealed that the quality of maintenance work improved, while the annual cost saving of contracting in the work was estimated as being in excess of \$300,000. The project, which resulted in the creation of 19 skilled bargaining unit positions, was supported by the Union, employees and by local management.

### **2. Edmonton Shuttles**

Post office management had also used the opening of the new Edmonton Parcel Sorting Plant as an opportunity to contract out the shuttles of mail products between the EPPP and the postal depots. In October 1994, as a result of a local initiative jointly supported by management and the local union, the shuttles were contracted in as part of an Appendix T initiative. This one-year pilot project was also monitored and evaluated by Price Waterhouse. Unlike the maintenance project, which was a "one for one" replacement of work previously contracted out, the in-house depot shuttles were integrated with other shuttle work in order to better utilize vehicles and full-time employees. The final report by Price Waterhouse, completed in June 1996, revealed that the contracting in of the work improved service quality and reliability and also slightly reduced costs.

### **3. Contracting In Vehicle Maintenance**

In late 1999, Canada Post Corporation decided to tender the vehicle maintenance work which was being performed by a private contractor in Vancouver, British Columbia. The operations had been located within Canada Post's premises for over sixteen years, but the operation had been run by a private sector firm called Blue Max. The quality of the operation had never been in dispute, however

CUPW had recently organized the workers, and the Union believed that it was being re-tendered on account of the fact it had become unionized. Upon receiving notice of this plan, the Union proposed to contract in this work and prepared a business case. The parties agreed to contract in the work, as a one-year pilot project, and to hire the existing Blue Max employees as new employees of Canada Post. This hiring was only possible under the new terms of Appendix T which permit the parties to amend the collective agreement. In this case, the bidding procedure for new positions was waved to permit these workers to continue employment, albeit under a new employer. In April 2001, Canada Post Corporation agreed with the Union that the project was successful from a cost and service perspective and the positions were made permanent.

#### **4. Contracting-In Parcel Delivery: Winnipeg and National**

In 1989, CPC contracted out the delivery of first-class parcels eliminating hundreds of jobs and reducing the number of parcels by almost one-half. The products remaining with CPC were Priority Post (overnight) and Regular Parcels (land transportation). In 2000, the parties negotiated Appendix AA which permits the establishment of pilot projects to examine the potential impacts of changing work rules and practices of delivery workers. Pilot projects were established for Kelowna, Burlington, and Winnipeg. In Winnipeg, the pilot involved the contracting in of the delivery of first-class parcels.

The pilot lasted for one year. Initially CPC management had estimated contracting-in would add an additional 10% to costs. In the end, management agreed that there were no additional costs and contracting-in provided management with greater control concerning service performance. The collective bargaining negotiations that began in November 2002 were heavily influenced by the experience of the parties during the two years of the operation of the Appendix AA Committee. The members of the local and national Appendix AA Committees served as advisors to their respective negotiating committees and were often directly involved in the negotiations process. In the 2003 collective bargaining negotiations, both the Union and management representatives that had participated in the Winnipeg pilot projects served as advisors to their respective negotiating committees and were often directly involved in the negotiations process. The result was an agreement to contract-in the parcel delivery with new work rules and practices. Hundreds of CPC jobs were created, CPC saved money and gained much more control over its delivery operations.

### **Canada Post as Environmental Vanguard**

It's impossible to present our vision of the future of Canada Post and its workers without addressing climate change. The impact of climate change is already being felt around the world. Severe weather events used to be the exception, but they have become the norm. From wildfires, to flooding, to mild winters with more freezing rain, and collapsing icebergs, we are nearing the point of no return. Postal workers have experienced the impacts of climate change first-hand, increasingly delivering in unpredictable weather, and this inspired us to take action.



The public postal service in Canada, by the nature of its mandate, operates the largest fleet of polluting vehicles. In fact, Canada Post owns more than 14,000 vehicles, in addition to 8,000 personal vehicles owned by Rural and Suburban Mail Carriers (RSMCs). The Canadian Union of Postal Workers has long known that Canada Post can and should play a pivotal role in the fight to curb climate change. For over a decade, we've presented ideas that would help Canada Post truly make an impact.

These include:

- Greening the Canada Post fleet with union made electric vehicles, creating green jobs in Canada, and significantly reducing our carbon output
- Retrofitting Canada Post buildings with solar panels which would also provide cost savings
- Expanding the use of Canada Post as the consolidated last mile delivery provider to ease congestion and pollution in our cities caused in part by too many delivery trucks that aren't full to capacity.

As Canada's largest public infrastructure, Canada Post not only has a large footprint, but it can also have substantial influence and lead the way for other post and logistics companies and other Crown corporations to become more sustainable.

### **Adopting Union Ideas**

The Union's persistent efforts have yielded some successes. Over the last few years, Canada Post has committed to halving its greenhouse gas emissions from Scope 1 and Scope 2 by the end of 2030, electrifying all of its last mile vehicles by 2040, and testing other low-emission vehicles for its last-mile delivery fleet, including e-cargo trikes and low-speed electric vehicles, with the goal of net zero emissions come 2050.<sup>82</sup>

The Union's goals over the next two, five, and even ten years are, firstly, to keep Canada Post accountable to meeting its environmental commitments, as well as continue to advocate for even more lofty targets, because for all we have won, Canada Post's climate action plan still has a big hole: The Corporation has no plans to electrify rural mail delivery. Canada Post insists that emissions from RSMC drivers are "indirect," acting as if RSMCs were still subcontracted third parties and not the employees that they are. The emissions rendered from the private vehicles RSMCs use to complete their routes are currently not included in the Corporation's emissions targets. One of our proposals during the latest round of bargaining was for all RSMCs to be given corporate vehicles. There are many reasons for this request. Gas prices have been consistently high for numerous years and the compensation RSMCs receive simply doesn't go far enough. If this isn't possible in the near future, they should at least be given hybrid vehicles.

Secondly, CUPW wants to make sure workers aren't left behind as the Corporation moves to an electrified fleet. We made sure to include language in the 2021 collective agreement renewal that

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<sup>82</sup> Canada Post Corporation. *2023 Sustainability Report*. CPC, 2024, p. 52.. <https://www.canadapost-postescanada.ca/cpc/doc/en/aboutus/2023-Sustainability-Report.pdf>.



would ensure Group 3 and 4 workers (mechanics) would receive proper training to perform the maintenance and repairs on hybrid and electric vehicles.

When talking about jobs, the climate crisis, and Canada Post, it's important to remember these plans are contingent on keeping corporate post offices open. During the strike, self-proclaimed postal experts called for the complete closure of Canada Post corporate post offices and replacing them with franchises. The Union opposes this for many reasons, but looking at this through an environmental lens, closing post offices to then turn around and open franchises located in other businesses, would enable Canada Post to offload its climate responsibility, as well as eliminate good green jobs.

### **2035 and Beyond**

It's impossible to talk about the future of the public post office without talking about climate change and the role of workers in the green economy. All proposed operational changes at Canada Post must be evaluated on their environmental impact, and be required to reduce the system's environmental footprint, while also meeting existing negotiated conditions that protect the health and safety of postal workers.

We've previously mentioned that as a Crown corporation, Canada Post has the opportunity to lead by example, and even help Canadians make the move away from fossil fuels. Let's remember that there are over 6,000 post offices across the country. There are more post offices than Tim Hortons in Canada. One of the Union's service expansion and innovation proposals is that Canada Post create an electrical vehicle charging network at corporate post offices. This would not only give Canadians more access to charging stations, but it would also bring in much needed revenue to the Corporation and support nearby businesses.<sup>83</sup>

We also propose that with the cost per delivery method, Canada Post include in its annual report the environmental impact of delivery methods per point-of-call. In the case of CMBs, this should include all compounding impacts such as user habits of driving individually to their mailbox and any idling of their vehicle to retrieve mail.

CUPW has and will continue advocate for these proposals, emphasizing the potential for Canada Post to lead in environmental sustainability and community service innovation.

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<sup>83</sup> Zheng, Y., Keith, D.R., Wang, S. *et al.* Effects of electric vehicle charging stations on the economic vitality of local businesses. *Nat Commun* **15**, 7437 (2024). <https://doi.org/10.1038/s41467-024-51554-9>