



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Government Operations and Estimates

EVIDENCE

NUMBER 115

Monday, April 8, 2024

Chair: Mr. Kelly McCauley



Standing Committee on Government Operations and Estimates

Monday, April 8, 2024

• (1105)

[English]

The Chair (Mr. Kelly McCauley (Edmonton West, CPC)): I call this meeting to order.

Good morning, everyone. Welcome to meeting number 115 of the House of Commons Standing Committee on Government Operations and Estimates.

Pursuant to Standing Order 108(3)(c) and the motion adopted by the committee on Monday, February 5, 2024, the committee is meeting to consider matters related to postal service in Canada's rural and remote communities.

I will remind you not to put your earpieces next to the microphones, as doing so causes feedback and potential injury.

Colleagues, before we start, I want to note the passing of a friend of OGGO, Mr. Jim Hopson. Mr. Jowhari was with us when we were doing our cross-Canada Canada Post tour, and Mr. Hopson was one of the four people who wrote the “Canada Post in the Digital Age” report ; he also appeared several times at OGGO on Canada Post. He was famous with the Saskatchewan Roughriders as well, and helped the Roughriders to a Grey Cup. I just wanted to mention his passing and let his family know we thank Mr. Hopson for his service to our committee.

I'd like to welcome our witnesses today. We have Mr. Brisson and Mr. Yee joining us.

Let me express my disappointment that you chose not to be here in person at our committee. I hope in the future that Canada Post will actually send people in person.

I understand there's a five-minute opening statement from one of you.

Please go ahead, Mr. Brisson.

Mr. Alexandre Brisson (Vice-President, Operations and Engineering, Canada Post Corporation): Thank you, Mr. Chair.

[Translation]

Thank you to the chair and to committee members for inviting Canada Post to join you today.

I'm Alexandre Brisson, vice-president of operations and engineering, and this is Michael Yee, vice-president of retail and financial services.

Before we get to your questions, I would like to share some important context for today's discussion.

Canada Post is proud to serve to all Canadians. We deliver almost 6.5 billion letters and parcels to nearly 17.4 million addresses in Canada.

Providing postal service to all households and businesses is part of our core mandate. It's defined in the Canada Post Corporation Act of 1985, which created the postal system as we know it.

We fulfill this mandate by following the service expectations set out in the Canadian Postal Service Charter, which has been in place since 2009.

It is our duty to serve Canadians no matter where they live, including rural, remote and northern communities—and we recognize that they're the ones who need us the most.

The service we provide to rural communities is vital. We have 3,211 post offices serving these areas. This is 633 more post offices than in urban areas.

We bring mail and parcels in and out by trucks, trains and planes. This includes more than 280 flights each week as some areas are only accessible by air for a large portion of the year.

In some places, we are the only delivery service they have. Because the cost of delivering is higher, not all companies serve rural communities. In fact, they often rely on us to make their last-mile deliveries.

We remain a lifeline that connects the residents and businesses of these communities to the rest of Canada and the world. We fully understand this responsibility—and we proudly fulfill it.

We have teams dedicated to maintaining service and improving it where possible. For instance, last year, we opened our second full-service post office in Iqaluit, as well as three full-service post offices in northern and indigenous communities. We invested \$1.4 million to make improvements across our rural network. Over the past few years, we have opened four community hub post offices, which offer expanded services. We are also supporting dealers who provide postal services in northern and remote communities by helping to offset their higher costs.

While we are dedicated to improving services where possible, we do face significant challenges.

For example, when a postmaster retires or leaves their position in a rural, remote or northern community, it can be very difficult to find a replacement. Sometimes we can lose a post office for reasons beyond our control, such as a fire or natural disaster. In this case, finding a new suitable location can be incredibly challenging.

When this happens, we have established processes that we follow. This involves consulting with community leaders to determine how best to continue services in their area. Last year, through our community outreach process, we were able to maintain 100 rural post offices in need of a new postmaster or a new location.

Our guiding principle is to ensure every Canadian has access to postal service, as laid out in the Canadian Postal Service Charter, but we also have to operate within our means.

The reality is that mail has been in decline since 2006. Back then, we delivered almost 5.5 billion letters. Now we deliver less than half of that volume.

At the same time, the number of addresses we deliver to has been growing by more than 200,000 a year—which means the cost of delivering mail keeps going up.

While mail volumes declined, our parcel volumes increased, driven by online shopping. We were able to pivot and develop our parcel business. However, as Canada emerged from the pandemic, changes in the competitive delivery landscape accelerated. We're now facing intensifying competition by low-cost operators who have disrupted the parcel delivery market in just a few short years. As a result, our market share has significantly dropped.

We will be releasing our annual report in the coming weeks, which will provide more insight into the gravity of our financial situation.

Though we face these significant challenges, I want to emphasize that we—

• (1110)

[*English*]

The Chair: I'm sorry, Mr. Brisson—

[*Translation*]

Mr. Alexandre Brisson: —remain committed to serving all Canadians, in every community.

[*English*]

The Chair: We have a five-minute opening, sir, and we're past that. I need you to wrap up, please.

[*Translation*]

Mr. Alexandre Brisson: Yes, of course.

We will continue to maintain, and invest in, our rural network where we can, as we strive to balance our challenges across our postal system.

Thank you for this opportunity to speak.

[*English*]

We are now ready to answer questions.

The Chair: Thank you very much, sir.

We'll start with Mrs. Block for six minutes.

Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC): Thank you very much, Mr. Chair.

Welcome to our witnesses today on the first day of this very important study, certainly for those communities in rural Canada that continue to be deeply concerned about the kind of service they are receiving from Canada Post.

I'm a member of Parliament from Saskatchewan. I represent a very large rural riding and I have actually heard from a number of constituents and communities.

Canada Post has been running fairly significant deficits for a number of years now. We've been made aware of that. In January, it was announced that Canada Post had sold two of its businesses, Innovapost Inc. and SCI Group Inc. It was a move towards refocusing itself on the needs of Canadians and focusing on the core business of Canada Post.

Can you tell us if these companies that were sold were running profits, or were they also running deficits?

Mr. Alexandre Brisson: When we sold those companies, it was part of our strategic plan—our transformation plan, that is. Canada Post, as you know, is now operating in a very different market, moving from a letter mail-centric company to a parcel-centric company. That's no small transformation.

The committee has to see these two transactions in light of that strategy to refocus, as I said, our activities on our core postal and logistics service. SCI was a 3PL, a third-party logistics company, and was a profitable company. As part of our strategy, we actually decided to sell it, and that's management's focus, back on our own operations and activities, so—

Mrs. Kelly Block: I will stop you there, because I have a follow-up question to that answer you have just given: Why would Canada Post sell profitable businesses that could be used to subsidize its core business?

Mr. Alexandre Brisson: First, on the financial side, you will see the transaction in our own financial statements. You're going to have access to these numbers.

They are part of the Canada Post Group of Companies. It's very important that we're able to stay focused on our strategy. It's a question of looking at the Canada Post Group of Companies and actually creating synergies in that Canada Post Group of Companies. That's where our long-term transformation strategy did not involve SCI, going forward. That's critical for us, so that we're able to focus on our core business, which is postal service to all Canadians.

Mrs. Kelly Block: Yet you continue to run deficits. I found a quote regarding the sale of SCI. Canada Post media relations person Lisa Liu stated:

It's a great company but no longer fit[s] the corporation's long-term strategy and growth plans.

Can you tell us what plans or what strategy forced Canada Post to sell this company even though it's a profitable company? You've mentioned that it didn't fit, but can you tell us why it didn't fit within your strategy?

• (1115)

Mr. Alexandre Brisson: When you think about strategy and the long-term repositioning of Canada Post, we've got to look at the Canada Post Group of Companies and be clear on what synergies exist within the group so we can actually better serve our customers and Canadians. From that standpoint, SCI, being a warehousing 3PL company, was not one of those building blocks, so it made sense from a management standpoint to look at what we had and to refocus Canada Post on its logistics activities to serve Canadians.

That's where 100% of our focus is going. It's going forward, because that's what Canada needs us to do.

Mrs. Kelly Block: As I mentioned, I represent a very large rural riding in the province of Saskatchewan. With the growing financial losses that Canada Post is experiencing, what are the implications for rural and remote communities that already don't receive the same level of service as urban centres?

Mr. Alexandre Brisson: We cannot associate the financially challenging position that we're in against the service we provide. Those are two separate things. We have a service charter that was approved in 2009. We developed a supply chain and an operating plan to serve Canadians according to that charter. Day in and day out, and year over year, we do not modify the service we provide to Canadians based on our financial position. I'm from operations, and we operate this plan every day to provide the service. It's not a question of cutting back on service as a result of having a tough financial time.

Really, they are two separate discussions. That's where the transformation of Canada Post is so critical, but we do not curb the services we provide just because we're having a tough couple of years financially.

Mrs. Kelly Block: Are you providing a different level of service to rural Canadians because you choose to or because you can't afford to provide a better service to rural Canadians?

Mr. Alexandre Brisson: The way I would say it is that we have a service charter that's mandated by the government. It was approved in 2009. We comply with and abide by that service charter. That's the way our delivery and service plan are being executed every day of the week.

Mrs. Kelly Block: Thank you.

The Chair: Mr. Jowhari, please go ahead.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Mr. Chair.

Let me continue along the line of questioning that my colleague Mrs. Block started.

There was a news article published by CBC this past January. It said:

Canada Post announced it will sell its in-house IT business, Innovapost, to Deloitte Canada. As part of the outsourcing deal, Canada Post will maintain an IT leadership team while most of Innovapost's 750 person workforce is absorbed by Deloitte.

Canada Post chose to outsource its IT operation to reduce costs. Has this outsourcing been effective in reducing the operating costs?

Mr. Alexandre Brisson: Thank you for the question.

We have to see that transaction in light of our strategy for the long term. If we look at the logistics industry—

Mr. Majid Jowhari: The question was this: Has it reduced the operating costs?

Mr. Alexandre Brisson: We're in the process of going through with that transaction, so it's too early, at this point, to answer that question. The transition is taking place as we speak.

Mr. Majid Jowhari: You don't know whether it would reduce the cost, yet Canada Post made the choice to outsource it.

Mr. Alexandre Brisson: We made the choice to go through with that deal because strategically, for us, technology is more and more important in running a logistics business. We all see and know, as consumers, the importance of information in the logistics business now—tracking our parcels and all of the data around the goods we order. We see our competition investing massively in technology, so we have to see that transaction in a strategic light.

Mr. Majid Jowhari: Thank you.

I'll go to the moratorium that was put in place back in 1994 for rural and remote postal services.

Did you have a clear definition of what “rural” meant in 1994?

• (1120)

Mr. Michael Yee (Vice-President, Retail and Financial Services, Canada Post Corporation): I believe, as my colleague outlined, that the moratorium is a core part of the Canadian Postal Service Charter, which outlines our expectations around universal service. It also mandates that we maintain “convenient access to postal services”. We run the largest national network of post offices, with 98% of Canadians—

Mr. Majid Jowhari: I appreciate that. All I'm asking is whether you had a definition for “rural and remote area” in 1994.

Mr. Michael Yee: As we understand it, the 1994 moratorium named 4,000 post offices in communities. It's on a named basis.

Mr. Majid Jowhari: Then there was no definition as it relates to, for example, amount of service or size of population. It was just naming them.

Mr. Michael Yee: From a service perspective, the service we have to provide in all communities is defined within the service charter, as we mentioned, but who the moratorium applies to is on a named basis.

Mr. Majid Jowhari: How are those postal locations determined to be rural without any formal guidance?

Mr. Michael Yee: I wasn't around in 1994 to speak about how specific communities were taken.... I can get back to the member with a better answer from our team.

What we abide by right now, with regard to our obligations under the service charter—which we fully respect—is based on the names within the moratorium.

Mr. Majid Jowhari: Just to let you know, Richmond Hill and also Brampton were named as rural postal services. I have one of the biggest processing centres, Richmond Hill, in Canada—at least in Ontario—in my riding. Do you consider Richmond Hill as a rural area that needs to be protected?

I'm not saying we should move it. I'm just saying that the definition is not there, so the guidelines are not there. How are we going to protect the areas if we don't even know what the definition is?

Mr. Michael Yee: Having grown up in north Toronto, I also recognize that Richmond Hill is a very urbanized part of the country, and frankly, the country has changed a lot, both in delivery and urbanization, since 1994.

The fact remains that with regard to the moratorium, we adhere to it, given that it's part of our service charter. We commit to maintaining the post office service in all named communities within the confines of the service charter, and “service” is defined within that service charter.

Mr. Majid Jowhari: Does the fact that Richmond Hill now isn't rural impact another real rural area's services?

Mr. Michael Yee: I'm not sure I fully understand the question. Can you elaborate?

Mr. Majid Jowhari: If Richmond Hill is 200,000-plus residents and is considered rural, what about services for somewhere that has only 5,000 residents?

Mr. Michael Yee: I will distinguish “service” in two regards.

One is delivery services, which my colleague can speak to on the operations side.

With regard to the moratorium, which focuses specifically on whether post offices in these named communities can be converted or closed, the Richmond Hill post office, if it's on the moratorium, cannot be closed or converted. It's the same for the Head of Jeddore, Nova Scotia, or other rural communities.

The Chair: Thank you, sir. That is our time.

Mrs. Vignola, go ahead, please.

[Translation]

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Thank you very much, Mr. Chair.

Mr. Brisson and Mr. Yee, thank you for being with us today.

I want to raise a few points about rural areas.

I had the great pleasure of growing up in Fermont, on the North Shore, which didn't have a road until 1984. I remember a few very exciting periods when parcels arrived very late.

That said, it's also the reality of places like Kuujjuaq, Sheddrake and Lourdes-de-Blanc-Sablon. I don't know whether you've ever

gone there, but everything arrives by air or by boat, and there's only a very short window when boats can reach Kuujjuaq. Postal services are so inadequate that people are starting to think about setting up their own dogsled delivery service. That gives you an idea of what it's like.

Whether it's medication, clothes or simple things like pens, everything comes by post. Despite repeated calls by the public and elected officials, the situation isn't improving. We see the same thing on the Magdalen Islands.

What solutions has Canada Post considered to date to resolve the problems experienced by people living in very remote and very isolated areas? I'm not including Fermont in that list, since its residents are lucky to have had a road since 1984.

● (1125)

Mr. Alexandre Brisson: Thank you for the question. My parents and I are from the Lower St. Lawrence, so I know the area somewhat.

Without a doubt, it's not always easy to provide services to everyone in a country as vast as ours. It's true for the Lower St. Lawrence, the North Shore and many other regions in Canada. It's something I have personally witnessed at Canada Post in the past four years. We have such a vast but very intricate network, and behind it are the operations teams which, every day, manage each of the connections that we have—

Mrs. Julie Vignola: Thank you, Mr. Brisson. Since my time is limited, I'd like to come back to the question. Perhaps I'll rephrase it.

Mr. Alexandre Brisson: Yes, of course.

Mrs. Julie Vignola: Among the solutions being considered, you're exploring the possible use of drones to make deliveries. Is that option being considered for Kuujjuaq, Kawawachikamach, Lourdes-de-Blanc-Sablon and other such areas?

Mr. Alexandre Brisson: As you know, we deliver parcels across Canada in all sorts of ways, such as by ferry, by train and by air.

Naturally, we're keeping abreast of technology. You mentioned drones. We conducted tests, but we are certainly not ready to use drones to make deliveries. However, we're watching what is happening in the market. Some companies similar to us in some respects, such as Royal Mail, in the U.K., which has to service a number of tiny islands, is also testing the use of drones to make deliveries. We're watching closely.

Clearly, we're not ready yet to provide that kind of service across the country. That said, we'll continue to retain all the options that will allow us to continue to serve the public.

Mrs. Julie Vignola: One of the solutions that was proposed for the Lower North Shore was identifying urgent parcels in a very distinctive way, for example, parcels containing medication for diabetes or epilepsy. Despite that proposal, it's clear that some parcels aren't reaching their destination or aren't reaching it in time. However, for people with epilepsy or diabetes, it's a matter of life or death.

What do we need to do to ensure that people get their parcels on time? It's true that this is a vast country, but we're talking about urgent situations where peoples' lives might be in danger.

Furthermore, these situations mean that the population in some areas is in decline, thereby putting those regions at a huge disadvantage.

Mr. Alexandre Brisson: It's true, and I want to say that I understand how important the parcels we deliver are. There's no doubt about it. We know that we're an extremely important link.

As I said, our plan is quite well established. That said, as you know, these regions are dealing with all sorts of events, including weather conditions, heat, cold, snow and everything.

The teams work hard every day to improve services and ensure a link that is as reliable as possible in all regions of the country, including the ones you mentioned.

Mrs. Julie Vignola: Thank you very much.

There are high and low temperatures and storms everywhere. This needs to be taken into consideration. It's Canada, not Florida.

It's been brought to my attention that, in Kuujjuaq, there's a waiting list to get a post office box. Indeed, some twenty people aren't able to get a post office box, which means that some people have to share a post office box. You can imagine the privacy implications. Furthermore, francophones in Kuujjuaq can't get services in their language.

What are some solutions to that?

• (1130)

Mr. Alexandre Brisson: Personally, I'm unable to answer that question directly or give you more details on that specific situation. However, I will forward your question to our team, which will give you a clear answer in writing with as many details as possible on that specific case, if that's acceptable to the committee.

Mrs. Julie Vignola: Thank you.

[English]

The Chair: Thank you. That is our time.

Gentlemen, just so you're aware, the committee has passed a motion that we require all responses, such as the one just mentioned, to come back within 21 days.

Mr. Bachrach, please go ahead, sir.

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): Thank you very much, Mr. Chair.

Thank you, Mr. Brisson and Mr. Yee, for being with us today.

The committee had hoped to have the CEO of Canada Post appear as part of this study. I understand, Mr. Chair, that you've had correspondence with the CEO. I wonder if you could update the committee on when we can expect an appearance as part of this study.

The Chair: Thanks for bringing that up.

It will be after May 3, when it's tabled in the House, when their updated report is offered. I suspect we'll have them here in mid-May to late May, maybe with the estimates as well.

Thanks for bringing that up.

Mr. Taylor Bachrach: That's fantastic. Thanks for the update.

This is an issue that's very pertinent to the area I represent in northwest B.C. It is an area entirely made up of rural and remote communities. Many of them are difficult to get to. Many of them rely heavily on their postal service, as I'm sure you're well aware.

In the past couple of years, I've been involved in issues around rural post offices and the loss of them. Working with communities to try to re-establish their postal service has shed a lot of light on the shortcomings of Canada Post's model for rural postal delivery.

Mr. Brisson, you mentioned in your earlier comments that sometimes there are situations, such as the death of a postmaster or a fire, that result in the loss of a post office. In those cases, it can be challenging to find a replacement.

I wonder how much of that has to do with the offer that Canada Post is putting on the table, because my understanding—from talking to these communities and to individuals who have considered becoming a postmaster—is that Canada Post offers a pittance. It requires postmasters to provide their own post office and then it pays them a ridiculous starting wage, considering that these are federal employees responsible for handling the mail. Since the beginning of mail delivery, it has been an occupation of great responsibility and importance.

Perhaps I'll start with the question of how much Canada Post offers as the starting hourly wage for a rural postmaster. What's the starting wage?

Mr. Alexandre Brisson: Thank you for the question.

There's no question that it is a challenge in rural areas to be able to respond to changes in personnel, as you said. Our focus is certainly to maintain service.

You're talking about wages. As you know, this year, 2024, is a year of union negotiations. We definitely table those topics and we discuss the conditions of employment in rural areas. It's certainly a topic dear to our hearts, and it's a very important topic for our CPAA union.

It's a negotiation year. We have many topics on the table with them. Discussions are actually taking place now. On wages, I would not want to comment at this point in time because our labour negotiations are happening as we speak.

Mr. Taylor Bachrach: Mr. Brisson, this is an easy question to ask, and I ask it knowing the answer. I just want to hear you say it.

Last year, for instance, or the year before that, what was the starting hourly wage for a Canada Post postmaster in a rural community? You know the number. It's a simple question. It's also public information and it doesn't compromise the negotiations you're currently in with the union.

Can you share with the committee what the starting hourly wage for a rural postmaster is?

Mr. Alexandre Brisson: Can I turn to my colleague here and have Michael jump in?

Mr. Taylor Bachrach: Absolutely.

• (1135)

Mr. Michael Yee: Mr. Bachrach, thank you for the question.

I would first like to say that with regard to postmasters, we recognize the role they play in the community—

Mr. Taylor Bachrach: I have one minute left. Mr. Brisson already gave a bunch of context. We're just looking for a number—just an hourly wage.

Mr. Michael Yee: What I can say is that it differs, depending on the community, so to get you the most accurate information, I would like to follow up with you with the actual numbers. There are regional adjustments that we make for postmasters, depending on where communities are.

Mr. Taylor Bachrach: My understanding is that the collective agreement has a starting hourly salary, and that hourly salary is less than \$20 an hour. I see you nodding, so it sounds like that's roughly in the ballpark.

To me, that's probably part of the reason that it's difficult to recruit new postmasters in communities that have lost their postmaster. The minimum wage in British Columbia, as of June 1, is going to be \$17.40, so Canada Post is paying just barely above minimum wage for a job that involves handling the mail.

My next question is around what you pay for rent, because these postmasters also have to provide the post office, and you provide a stipend for rent. Does Canada Post base that stipend on the market rent for real estate in those rural communities?

Mr. Michael Yee: With regard to the compensation, there are wages and there is a stipend for real estate, as you mentioned.

What I can say is that we adhere to our long-standing and normal practices for postmasters in these remote communities to provide facilities where, unfortunately, sometimes there are limited options for space to provide postal services. We've had this process and compensation scheme in place for many years. It's a process that we adhere to, and I know it's an active point of communication right now with the Canadian Postmasters and Assistants Association.

Mr. Taylor Bachrach: If I may, Mr. Chair, could I just note that the question was whether Canada Post bases the stipend on market rent in the communities where the post office is located?

Mr. Yee, unfortunately, you didn't provide an answer.

I know that the answer is that, no, you don't. The stipend is a pittance. You don't pay the postmasters adequately and you don't pay adequately for the space. That is the reason that Canada Post has trouble re-establishing post offices in rural communities.

I see you nodding because I know that you know that this is the case. I hope this is something that we can get to as a committee.

Thank you, Mr. Chair, for your forbearance.

The Chair: Thank you, Mr. Yee and Mr. Bachrach.

I'll turn the floor over to you, Mrs. Kusie.

[*Translation*]

Mrs. Stephanie Kusie (Calgary Midnapore, CPC): Thank you very much, Mr. Chair.

I want to thank the witnesses for being here today.

[*English*]

Mr. Brisson, do you condone the stealing of mail?

Mr. Alexandre Brisson: I'm sorry. I don't know what documents you're referring to.

Mrs. Stephanie Kusie: It's a simple question, Mr. Brisson. Do you condone the stealing of mail? Do you think it's acceptable to steal mail?

Mr. Alexandre Brisson: The answer is absolutely not.

Let me just state a few things.

We take the security of mail very seriously. We have internal teams looking to ensure the security of mail. We have mail inspectors in our systems collaborating nationally, at all levels, to make sure that we do everything we can to keep the mail safe and also to make sure that we don't support any illicit activities through the services we provide. It's a very high priority for Canada Post.

Mrs. Stephanie Kusie: In your opinion, is a \$500 fine acceptable? Is that enough of a punishment for an individual who steals mail? Do you think that's an acceptable punishment for the crime of stealing mail?

Mr. Alexandre Brisson: I'm an operations person. My job is to provide service. However, I do know that, depending on what happened, we have our teams aligned with local officials to enforce the security of mail.

I don't know this specific case, but I know that we're taking this very seriously across the board.

Mrs. Stephanie Kusie: Sadly, Mr. Brisson, it was an elected official. It was someone in our very chamber.

Do you think it's acceptable that a member of Parliament would steal mail?

Mr. Alexandre Brisson: It's never acceptable for anyone to steal mail, and our job is to protect the integrity of our system.

• (1140)

Mrs. Stephanie Kusie: Thank you.

Mr. Brisson, how many executives at Canada Post earned bonuses this year?

Mr. Alexandre Brisson: My answer is that I don't know. I'm not part of these discussions, so that's probably something I would submit to our team for a response.

Mrs. Stephanie Kusie: If you could get that number and report it back to the committee, that would be very much appreciated.

I have a similar question. Do you know how many executives currently work at Canada Post at the EX-01 classification or higher?

Mr. Alexandre Brisson: I do not see this information, so I cannot answer, but we'll add that, if possible, to our response.

Mrs. Stephanie Kusie: Thank you. That would very much be appreciated.

Would you have any idea as to the total amount of bonuses that have been given over the past year? If you could get that information for the committee as well, it would be very much appreciated.

As well, what is the total increase in the amount of bonuses since 2015? If you could kindly get back to the committee with all of this information, it would be very much appreciated.

Thank you very much.

Mr. Alexandre Brisson: We will.

Mrs. Stephanie Kusie: That's excellent.

Mr. Brisson, in May 2023, a report that came out from the Privacy Commissioner of Canada indicated that Canada Post was not honouring the privacy of Canadian citizens and was harvesting information from the mail and then renting it to third parties.

Do you think it's acceptable that private information is harvested from the mail of Canadians and then rented to third parties for the profit of Canada Post? Do you think that this is an acceptable use of the information of Canadians?

Mr. Alexandre Brisson: Let me start by saying that obviously, with the evolution of our services and information technology, we all realize there's a lot of information out there. Canada Post is absolutely committed to protecting the information of all Canadians. There's no question about that.

We did, obviously, receive the concern of the Office of the Privacy Commissioner, which we responded to. The program that was in question was our Admail marketing program. What we did from the feedback is adjust that program. I can point to two examples.

The first one is that we're managing postal codes. We have the ability to aggregate purchase patterns at the postal code level. Based on feedback from the Office of the Privacy Commissioner, we stopped doing that altogether, so there's no more aggregation.

We were also using public information available in telephone directories to augment our own set of data. We also stopped doing that.

Third—

The Chair: Thank you, sir. That is our time.

Mrs. Stephanie Kusie: Thank you, Mr. Brisson and Mr. Chair.

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

Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.): Thank you, Mr. Chair.

Mr. Brisson, in your opening remarks, you described Canada Post as a lifeline for rural and remote communities. I wholeheartedly agree with your characterization of the important work of Canada Post.

I want to talk a bit about the impacts of climate change on that lifeline for rural and remote communities.

Last year, we saw what was the worst-ever record, in terms of wildfires, in Canada's history. Seventeen million hectares of forest burned in Canada. The majority of that took place in provinces like Alberta, Saskatchewan and New Brunswick. Ironically, we had three premiers here two weeks ago talking about climate change and the lack of any action on their parts to address climate change. Nonetheless, 17 million hectares were burned. A recent analysis was conducted, and 90% of those wildfires were the result of climate change and drought conditions.

Have you seen the impact of climate change on the work of Canada Post and its ability to continue to deliver services to rural and remote communities? I ask that because I understand that over a six-month period last year, 150 mail delivery interruptions took place. Virtually all of the active interruptions were related to things like wildfires and floods.

Can you speak about the impacts that severe weather events and climate change are having on service delivery to rural and remote communities?

• (1145)

Mr. Alexandre Brisson: Sure.

I would start by saying that we definitely recognize that we're seeing more and more climate events, and we see the impact of climate change in Canada in different ways. Certainly, past experiences are teaching us how to respond.

The forest fires last year are probably a prime example for us. I can tell you that it certainly raised, in our operation internally, this need to build contingency plans that try to pre-empt those events, because we're expecting to see them—I'm going to say “sadly”—regularly. The question then becomes, how do we respond to those forest fires and floods that we have seen as examples? I guess the guideline for us is always that service is number one. I would say that's along the same line as the safety of our own employees. I think that's where we draw this line.

We're investing a tremendous amount of time in developing contingency plans and having opportunities for temporary post offices to serve some of the areas where people had to move after leaving their homes behind. I'm going to say that we're not only aware of and clear on the fact that we're going to have more of those in our future but also that we're preparing for it. It's forest fires, certainly, on the delivery side of things, but floods and so many other things are becoming part of our planning, going forward, because it's a reality.

Mr. Irek Kusmierczyk: Yes. Last year you had to suspend delivery service to a lot of rural and remote communities in British Columbia, Alberta, Saskatchewan and Nova Scotia because of climate change and severe weather.

Can you give us an example of communities where that service was suspended for long periods of time, and how quickly on average those service disruptions were resolved?

Mr. Alexandre Brisson: I think I'll turn to my colleague Michael.

Mr. Michael Yee: Thank you for the question.

As Alex mentioned, there were a number of instances last year.

The one thing that I would like to mention is that last year we did deploy a mobile post office to a community in British Columbia, I believe—but I would like to get back to you on that specific community—because of an interruption in service.

We noticed that with the climate issues in Nova Scotia as well, there could be a stronger need to have a more readily available fleet or a deployable capacity—

Mr. Irek Kusmierczyk: Mr. Yee, can you provide the committee with written testimony in terms of the service delivery disruptions that took place last year? We want to know how long they lasted, and specifically those as a result of wildfires and floods.

Thank you.

Mr. Michael Yee: Yes, and we can characterize it, as appropriate.

Thank you.

The Chair: Perhaps you could provide the costs as well.

We now have Mrs. Vignola for two and a half minutes, please.

[*Translation*]

Mrs. Julie Vignola: Thank you very much, Mr. Chair.

Mr. Brisson, not all rural communities are remote. Some are located near major centres, but they're still facing obvious problems.

For example, in some rural areas, residences might have the same street name and number and the same postal code, but they're located in different villages. This is clearly dangerous, particularly in terms of safety. Indeed, if a fire breaks out at a home and the firefighters don't go to the right address, that can be a problem. Wrong addresses can also be a problem when it comes to mail confidentiality.

During my meetings with certain officials, solutions were proposed, but they were all rejected.

When will a full review be done to ensure that each residence has the right postal code, that residents get their mail at the right address and that first responders go to the right place?

• (1150)

Mr. Alexandre Brisson: That's a good question.

As far as I know, Canada Post is the body that establishes postal codes across Canada. We try to maintain as much stability as possible and not change postal codes, because we know that would create all kinds of problems for Canadians.

However, I know that municipal addresses fall under the jurisdiction of cities and municipalities. Canada Post is not involved in that.

Mrs. Julie Vignola: We're talking about addresses that have been around forever. These are not new addresses.

That's fine, I understand. I gather that there is no solution and that things will remain the same. Thank you very much.

Mr. Yee, you're a former partner at McKinsey & Company. Now you're in charge of modernizing sales, products and services at Canada Post.

Can you give us a few more details about your current responsibilities and tell us how this modernization will provide better services and better profitability without restricting workers' rights?

[*English*]

The Chair: I apologize, gentlemen. We are out of time for an answer, but perhaps you can provide that in writing to the committee. If you're unsure about what was being asked, the clerk will clarify that for you.

Mr. Bachrach, go ahead, please, for two and a half minutes.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

I was noting that PSPC's 2023 ministerial transition binder indicated that the cost of shipping parcels was one of the greatest challenges facing residents of rural communities. That aligns very much with what I'm hearing from residents in remote communities in northwest B.C.

I asked my awesome team to do a little research online and figure out how much more it costs to ship stuff to remote communities. They looked at a pair of Levi pants that cost \$79.95 on Amazon. That's a pretty common pair of pants. Of course, we all want people to support their local retail outlets. Mr. Chair, are those the pants you wear? No?

If you ship a pair of \$79.95 Levi's to Daajing Giids on Haida Gwaii, it will cost \$137.14. If you ship a pair to Telegraph Creek, it will cost \$140.13. If you ship a pair to Atlin, it will cost \$137.14. I can't possibly believe that this reflects the costs that Canada Post is charging Amazon to deliver the parcels there. I bet you anything that I, as an individual, could go to wherever that Amazon distribution centre is and ship those pants, using Canada Post services, to those communities for a fraction of that cost.

I think what's happening is that these big companies are gouging customers in remote communities, using Canada Post postal codes as a way to radically inflate the price of shipping, to the point where common goods that these communities rely on are totally unaffordable to get there. Many of these communities don't have very many shopping opportunities. They don't have many stores, and many products are ordered by mail.

What is Canada Post doing about this problem? What can we do as parliamentarians to not have residents of our communities being gouged to such a tremendous degree?

The Chair: You only have about 20 seconds to answer that, I'm afraid.

Mr. Alexandre Brisson: I cannot comment on the strategy retailers use to sell their products. I will not comment on that. I can comment on our pricing, and what we do. I can guarantee you that we do our best to have the best fair price for the services we provide. That includes all of our rural deliveries. We spend a tremendous amount of time to make that price as fair as we can, because we take that mission very, very seriously.

The Chair: Thank you, Mr. Brisson.

Next we have Mrs. Block, for five minutes, please.

Mrs. Kelly Block: Thank you very much.

You mentioned a long-term strategy and growth plans for Canada Post. Am I correct in stating that this would require Canada Post to submit a strategic plan to the Government of Canada for approval?

Mr. Alexandre Brisson: We definitely do have a long-term strategy. We need a strategy, because the competition landscape has changed greatly. That's why we have this transformation plan.

If you refer to the actual corporate plan, we are operating under an approved corporate plan. We actually submitted this year's plan. We're currently in discussions with the government to move that plan forward.

Mrs. Kelly Block: When was the last time Canada Post submitted a strategic plan that was approved by the government and was allowed to be implemented?

• (1155)

Mr. Alexandre Brisson: That's a good question. I don't have the exact year. I definitely know that we're submitting a plan every year. That plan is the basis for discussions with the government, and we move from that. I also know we're still within the limits and boundaries of the last plan that was approved. I do not recall the exact date, but that's certainly something we can get for the committee.

Mrs. Kelly Block: What we're talking about is the annual plan that the board submits to the Government of Canada. Is that correct?

Mr. Alexandre Brisson: The plan, as I know it, is the corporate plan submitted to the government every year.

Mrs. Kelly Block: Are you aware of any strategic plans, corporate plans, that have been submitted to the government that still have not been approved or rejected? In other words, is Canada Post sort of being left in limbo because its plans are not being approved or rejected by the Government of Canada?

Mr. Alexandre Brisson: I'm not part of the building of the plan directly. I know the plan was submitted and I know we're having direct discussions, but that's the extent to which I'm involved.

I can get you information on that.

Mrs. Kelly Block: Given your role in service delivery and that not having a plan approved might have an impact on your ability to adjust the service that is being provided to Canadians, can you tell us if you've experienced any operational losses as a result of plans not being approved or rejected?

Mr. Alexandre Brisson: What we see is from the competition. You're talking about the corporate plan.

What I see from an operations standpoint is that we now operate in a market that has heavy competition. For every parcel we move, we actually have to go for it. We have to win it. That ability to compete is what our plan is about.

I think we all see our competition showing flexible delivery by delivering later in the day, over the weekends and over holidays. There's a tremendous amount of competition, and it pushes us to transform the way we serve Canadians. We would say expectations have changed.

That's why we talk about a transformation plan. It's because expectations have changed. We're a machine that was built for letter mail delivery; we're now in the middle of a big parcel market, and we have to change.

That's what's at the heart of what I see from an operations standpoint and why we need to transform.

Mrs. Kelly Block: Are you finding it difficult to be nimble enough in your transformational planning, given that you have to submit a plan to the Government of Canada and it may or may not approve or reject it, leaving Canada Post in a position where it can't make change?

Mr. Alexandre Brisson: I think it's more a factor of the size of our company. We're a big company. We have a great history behind us, but the amount of change it takes to reorient the company is significant.

A lot of that is actually on the table with our unions this year, because it's a year of labour negotiations. All this flexibility we need on the transportation side is at the heart of the transformation, and it's being reviewed and discussed as we speak.

That's very important to Canada Post going forward.

Mrs. Kelly Block: Thank you.

The Chair: You have 30 seconds.

Mrs. Kelly Block: I think I'll leave it there. Thank you very much.

The Chair: Thank you.

Mrs. Kelly Block: I'm sorry. I have a colleague who's asked for my last 30 seconds, Chair.

The Chair: You're at 15 seconds now, so thanks.

Mr. Sousa, go ahead, please.

Mr. Charles Sousa (Mississauga—Lakeshore, Lib.): Thank you, Mr. Chair. Thank you to the witnesses for being here.

Obviously, Canada Post's recurring financial losses are concerning in the sense that the losses are almost unsustainable, given that the net liquidity position is depleting.

I get it. We have a lot of challenges before us in regard to diminishing volumes of core mail, increasing demand for e-commerce parcels, and competitors using the low-cost gig economy and contract labour. Certainly compensation restrictions pose conflicts for Canada Post. There are a number of things you're doing, and I appreciate some of those transformations that are ongoing.

One of them is developing a long-term plan to optimize the real estate portfolio to enable us to lower operating costs. This includes identifying office buildings for immediate and potential disposal. I certainly recall one that was recently done at Service Canada in Belleville. It converted property to provide 38 new homes for indigenous people, women and children. It was a great opportunity to utilize some office space that was vacant and underutilized.

Do you feel that the rural moratorium as it currently stands is preventing Canada Post from optimizing the corporation's real property holdings in both rural and non-rural areas? Does the moratorium prevent that right now?

• (1200)

Mr. Alexandre Brisson: I think that's the question. Certainly the moratorium freezes the rural world, from that perspective.

We have properties across Canada in so many different ways—big, small and medium. We have teams constantly going through this, trying to identify opportunities to monetize and/or convert and support some for the housing crisis, certainly. That's always the case. That's always live.

We're in the logistics business. Occupying the space, the quality of our network is very important in our ability to serve Canadians. For us, real estate is a prime concern.

As you know, though, those opportunities exist. They're sometimes few and far between, but we're certainly doing our best to see what we can do in that space while considering our need for expansion in and around the major centres.

Mr. Charles Sousa: Yes, I appreciate that. There's obviously a disparity between certain communities. Certainly in the urban centres, a lot of air rights would be available to certain locations of Canada Post versus some others that may not have that benefit.

Have any been done thus far?

Mr. Alexandre Brisson: I cannot answer the question, so I'll take that one back and ask the team to provide you with an answer. I cannot give you an example.

Mr. Charles Sousa: Fair enough.

In 2016, the committee tabled the report entitled “The Way Forward for Canada Post”. It has 45 recommendations in it to improve the financial viability of the company and provide service to Canadians. One of the recommendations was to undertake a demographic analysis to ensure that rural areas are truly protected and reflected in the moratorium on the closure of rural post offices.

Was that demographic analysis done? I'm trying to understand if those postal codes that were protected outside of rural Canada.... Can you explain how that was done, or if it was done?

Mr. Alexandre Brisson: Can I turn to my colleague Michael?

Mr. Michael Yee: Well, 2016 was before my time, but what I can say is that as we've had discussions with the government about our service charter obligations as they stand for our business now, they are stated against a named moratorium basis. In that vein, we are aware of the rural areas and post offices that have been urbanized, but because of our core mandate, it doesn't change how we serve those communities.

Mr. Charles Sousa: You're saying that notwithstanding the locations, there are some postal locations that are protected that are outside of rural Canada.

Here's the bottom line: Can you share the findings of that analysis, and then provide the committee with a copy so that we understand how that plays out?

Mr. Michael Yee: Yes, we can share that. We can commit to that.

Mr. Charles Sousa: Thank you.

The Chair: Thank you, Mr. Sousa.

Mr. Brisson and Mr. Yee, thank you for joining us today. We look forward to having President Ettinger here sometime in May.

Colleagues, we're going to suspend for about four minutes so that we can bring in our new witnesses.

Mr. Brisson and Mr. Yee, you are dismissed.

• (1200)

(Pause)

• (1205)

The Chair: I call the meeting back to order. Good afternoon. We are back in session.

Gentlemen, welcome back to OGGO. I understand you're making an opening statement for five minutes. Please go ahead.

Mr. Lorenzo Ieraci (Assistant Deputy Minister, Policy, Planning and Communications, Department of Public Works and Government Services): Thank you, Mr. Chair. Good morning.

Before we begin, I would like to acknowledge that we are gathered on the unceded territory of the Algonquin Anishinabe peoples.

Thank you for inviting us here today, as representatives of Public Services and Procurement Canada, to discuss the important topic of postal service in Canada's rural and remote communities.

Joining me today is Mr. Eugene Gourevitch, who is the director of performance and impact analysis on our portfolio team.

Mr. Chair, before we delve into today's topic, allow me to provide the committee with an overview of the relationship between the department, the Minister of Public Services and Procurement and Canada Post.

[*Translation*]

While it is part of the Minister of Public Services and Procurement's portfolio, Canada Post is a federal Crown corporation and operates at arm's length from the government.

The "Open and Accountable Government" document, published in 2015, provides us with a framework for portfolio management within the Government of Canada, and it identifies the roles and responsibilities of ministers and their departments. This framework clearly sets out the importance of respecting the operational independence of Crown corporations, while ensuring that their overall direction and policies align with those of the government.

In the case of Canada Post, the Canada Post Corporation Act grants its board of directors the responsibility of directing and managing all affairs and duties of the corporation. The board consists of the president and CEO and 10 other members, all of whom are appointed by the Governor in Council.

The board is responsible for overseeing Canada Post, exercising due diligence over strategic initiatives and corporate plans, and managing services and operational performance.

Responsibility for day-to-day operations is vested in Canada Post's CEO, who is accountable to the board for the overall management and performance of the Crown corporation.

• (1210)

[*English*]

The Minister of Public Services and Procurement is accountable for providing guidance and oversight to ensure that the overall direction of Canada Post aligns with the government's policies and objectives. When it comes to reporting, Canada Post provides details of its operations and performance in its annual reports, which are tabled in Parliament by the minister.

Mr. Chair, Canada Post's mandate is to serve every Canadian address while maintaining financial self-sustainability. As is the case with other postal carriers around the world, Canada Post is evolving to meet changing customer needs and expectations. We know that Canada Post has been experiencing financial challenges as a result of declining mail volumes for some time. The corporation contin-

ues to explore opportunities to improve the financial sustainability of its operations.

As for the study at hand, the moratorium on the closure of rural post offices has been in place since 1994 and has remained unchanged despite shifts in the country's demographics. The Canadian Postal Service Charter clearly states that ensuring postal services in rural settings remains an integral part of Canada Post's commitment to universal service, and the charter maintains the 1994 rural moratorium.

Mr. Chair, as stated in the minister's mandate letter, the government expects Canada Post to provide "high-quality service...at a reasonable price and [that] better reaches Canadians in rural and remote areas." This includes meeting the provisions laid out in its charter. Canada Post reports to the government on its performance against its charter commitments within its annual reports.

Although the moratorium protects rural post offices from closure, it should be noted that there are situations that can arise that affect the ongoing operation of any post office. These situations can include personnel retirement, illness or a fire, for example, and when they happen, Canada Post is responsible for consulting with the community to find solutions so that we can continue to provide quality services.

[*Translation*]

As I've stated, Canada Post operates at arm's length from the government and is ultimately accountable for the conduct of its affairs.

Nonetheless, Public Services and Procurement Canada, or PSPC, supports the minister to ensure the Crown corporation's direction reflects government policy objectives, and advises the minister on matters under his responsibility and authority.

While the department does not have direct authority over Crown corporations, we do play a role in policy coordination and coherence in the activities and reporting of the corporations.

I would be pleased to answer questions this committee may have on the role of Public Services and Procurement Canada in relation to Canada Post.

[*English*]

The Chair: Thank you very much.

Mr. Genuis, go ahead, please.

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): Thank you, Chair.

I'm going to turn things over to my colleague in a moment, but I have a notice of motion that I want to share with the committee prior to doing that.

Canadians have been shocked by the arrive scam scandal. Reports by The Globe and Mail over the weekend dug further into another shocking aspect of this scandal, and that is the apparent rampant abuse of the indigenous procurement set-aside in ways that do not benefit indigenous peoples or communities. The Globe and Mail highlighted how various indigenous leaders have raised significant concerns about these abuses, and yet there has been a lack of action.

Recognizing the need to get to the bottom of how dollars that should have benefited indigenous communities across Canada were actually flowing to a small number of well-connected insiders, I would like to put on notice the following motion, which we will discuss at a later date. The motion is as follows:

That, pursuant to Standing Orders 108(1), (2) and (3)(c), a Subcommittee on Government Operations and Indigenous Reconciliation be established to inquire into matters relating to Indigenous procurement policies as well as other aspects of the committee's mandate, which the Committee may refer from time to time, relating to Indigenous reconciliation, provided that

(a) the subcommittee be composed of seven members of which three shall be from the government party, two shall be from the official opposition, one from the Bloc Québécois and one from the New Democratic Party, to be named by the whips informing the clerk of the committee, with the first members named within one week of the adoption of this motion;

(b) the subcommittee be chaired by a member representing the official opposition, to be chosen by the subcommittee;

(c) the subcommittee shall have the same powers of the committee, except (i) the power to report directly to the House, (ii) the power to sit during a time when the Committee is sitting in Ottawa, and (iii) the power to sit on days when the House is sitting;

(d) when the subcommittee adopts any report, (i) it shall be deemed to have been adopted by the committee, (ii) dissenting or supplementary opinions shall be filed within seven days of the adoption of the report, unless the subcommittee provides for a longer amount of time, and (iii) the Chair of the committee shall be instructed to present it to the House on behalf of the committee; and

(e) the Chair of the subcommittee may, if not already a member, attend meetings of the Subcommittee on Agenda and Procedure in a non-voting capacity.

Thank you, Chair. I will turn my time over to Ms. Block.

● (1215)

Mrs. Kelly Block: Thank you very much, Mr. Chair.

In the 2021 mandate letter for the Minister of Public Services and Procurement, the Prime Minister tasked the minister with ensuring that Canada Post provides high-quality service at a reasonable price for rural Canadians. You made note of that in your opening comments.

He also stated that the Minister of Rural Economic Development would assist PSPC in this matter.

Are you aware of any discussions, conversations or assistance from the Minister of Rural Economic Development or of assistance the department made available to PSPC for improving Canada Post's service to rural Canada?

Mr. Lorenzo Ieraci: While I can't speak to the ministerial level, at the officials level we have been having conversations with a number of other departments and agencies, including colleagues from the rural area, to be able to explore options that may be available or to generate ideas that might be considered by Canada Post in moving forward and dealing with some of the challenges that have been discussed during today's appearance.

Mrs. Kelly Block: Thank you.

You also mentioned the act under which Canada Post operates and the mandate to provide postal services to all Canadians in a secure and financially self-sustaining manner. One of the representatives from Canada Post made the observation that oftentimes the need to provide a secure and quality postal service is hard to do when they have to remain within their means. Therefore, Canada Post is running at a deficit.

Can you provide me with any indication as to what plans have been put in place to ensure that an effective postal service continues or will resume in rural Canada while maintaining a viable postal service to Canadians?

Mr. Lorenzo Ieraci: Thank you for the question.

There are two things I would say in this regard.

First, Canada Post, as an independent Crown corporation, is one of the largest organizations within Canada, with nearly 70,000 employees from coast to coast to coast. They maintain operations and obviously are the specialists in managing their own operations. As was indicated by the Canada Post reps this morning, they have a number of activities that they undertake, including the day-to-day operations. Obviously, as was noted, there are nonetheless challenges associated with that. My conversations with Canada Post have noted that when you're dealing with that many employees in nearly 5,600 locations, there are bound to be some challenges that accrue.

The second thing is with regard to activities. Canada Post is obviously always looking to find ways to maintain its financial self-sustainability. They are a Crown corporation with one small exception—well, with one exception—of \$22.6 million. I don't want to make it sound like that's not a lot of money, but they finance their activities only through revenues that they generate.

The Chair: Thank you very much.

Ms. Atwin, go ahead, please. You have six minutes.

Mrs. Jenica Atwin (Fredericton, Lib.): Thank you, Mr. Chair.

Thank you to our officials for being with us today.

According to the Minister of Public Services and Procurement's 2023 transition binder, the minister provides Canada Post with "guidance and oversight to ensure that the overall direction and performance of the corporation aligns with the government's policies and objectives. This is normally communicated via an annual letter of expectation."

What were the major issues communicated in the minister's latest letter of expectation to Canada Post? What, if anything, did this letter of expectation convey on the subject of service to rural and remote areas?

Mr. Lorenzo Ieraci: The letter of expectation is provided on an annual basis by any minister who has heads of Crown corporations within their portfolio. With regard to Canada Post, the letter of expectation identified a number of expectations. I would say that expectations fall within a couple of different categories, if you'll permit.

First, for all Crown corporations, there are expectations of certain things that are usually issued by the Privy Council Office or the government writ large. Then, with regard to Canada Post, obviously there was a focus on a number of activities, including those mentioned in the minister's mandate letter, such as making sure that they are financially self-sustainable, provide universal services and so on.

• (1220)

Mrs. Jenica Atwin: Can you highlight anything specific around rural and remote areas?

Mr. Eugene Gourevitch (Director, Performance and Impact Analysis, Portfolio Affaires, Department of Public Works and Government Services): The letter specifically indicated that Canada Post was expected to continue to meet the expectations of its service charter and that it was the role of the board of directors to hold management to account to that effect.

Mrs. Jenica Atwin: Okay.

I'm a rural New Brunswicker, so this is certainly an issue that is important to me.

According to the transition binder of the Minister of Public Services and Procurement, again, the department is working closely with Canada Post "to examine opportunities to improve the financial sustainability of its important operations." What actions is the department considering to improve Canada Post's financial sustainability?

Mr. Lorenzo Ieraci: Again, the department has undertaken a number of activities, including—as I mentioned before—speaking with other departments and agencies in terms of whether there may be opportunities for synergies of activities between Canada Post and other federal organizations, as well as encouraging Canada Post to look at alternative activities when it comes to maintaining financial viability.

As was noted by Canada Post representatives when they appeared, their primary *raison d'être* is to be able to deliver letter mail. Letter mail has been in decline since 2006, with fairly important and significant reductions in letter mail as Canadians send increasingly fewer letters. As was noted, they are putting more of a focus on the parcel delivery side, for obvious reasons, because that is seen as a bit of a growing market.

We've been working with Canada Post to try to provide some ideas or suggestions and work with them in terms of a potential way forward.

Mrs. Jenica Atwin: Thank you.

Are you familiar with the community hubs model for Canada Post? I notice that there is a newer one in Membertou, Nova Scotia. It was particularly interesting for me, because it's with an indigenous community. There are things like parcel lockers, EV charging, financial services with an ATM on site and cheque cashing.

Do you know of any plans to expand the community hubs throughout Canada? Perhaps this could actually address some of the concerns we have for rural communities.

Mr. Lorenzo Ieraci: Canada Post undertook a number of community hubs on a pilot basis in order to be able to see, one, whether

they bring benefits to the local communities, including indigenous communities, and two, to be able to test out their business model in terms of the costs of operating these hubs and whether their level of revenue or return on investment is different from what a traditional post office would provide. I know that this analysis is ongoing, so I don't know whether there's been a decision in terms of going forward. However, it is something Canada Post has been exploring.

Mrs. Jenica Atwin: Great.

I'm also interested in a question that was asked in the previous panel with regard to property portfolios and the potential for maybe addressing housing concerns or other issues in the community.

What is Canada Post doing to optimize its real property portfolio, and how is PSPC supporting them in this work?

Mr. Lorenzo Ieraci: Obviously the issue of housing has generated a lot of attention. Within that context, all federal departments and agencies are looking to see what they can do to help advance housing.

In that context, we have been having conversations with Canada Post to see whether there may be opportunities in some of their portfolio and whether that could be leveraged for housing, recognizing, of course, that Canada Post is an operational organization in nature. They will continue to need a lot of the facilities they have going forward for sorting facilities and so on, and a lot of locations are for actual postal offices.

While there's a question of how much of that could be leveraged for housing, I think it's probably a good exercise to be able to review, from a Canada Post perspective, whether there are opportunities to do so without having a significant impact on the number of locations or the spread of the locations. Of course, that could also potentially reduce their footprint, which may have cost implications.

Mrs. Jenica Atwin: Thank you.

I think I have enough time for one more question.

When discussing the future of Canada Post, are there international comparisons we can look to when it comes to revitalizing a national postal service or improving rural postal service in particular?

The Chair: You have 20 seconds.

Mr. Lorenzo Ieraci: In the 16 seconds that are left, we do take a look at the top 12 or 15 other comparable countries. Their post offices are all facing the same challenges as Canada Post, so we're learning from them.

The Chair: Thank you very much.

Mrs. Vignola, you have six minutes, please.

• (1225)

[*Translation*]

Mrs. Julie Vignola: Thank you, Mr. Chair.

Thank you, Mr. Ieraci and Mr. Gourevitch.

I believe it was you, Mr. Gourevitch, who answered Ms. Atwin's question about the content of the government's letter of expectation. You said that the government expected Canada Post to meet the expectations of its service charter. Unless I'm mistaken, I believe you were talking about the Canadian Postal Service Charter. However, the Canadian Postal Service Charter dates back to 2018 and was supposed to be reviewed in 2023. Unless I've lost all of my skills for intellectual work, the new version of the charter is nowhere to be found.

When will the new charter be published?

Mr. Lorenzo Ieraci: As mentioned, the Canadian Postal Service Charter is subject to review every five years. The review was initiated this past year and is ongoing.

As you may have picked up from the answers given by our Canada Post colleagues, the charter hasn't changed since 2009. The principles set out in the charter and the services Canada Post must provide to Canadians are relatively stable.

Mrs. Julie Vignola: Yes, the corporation's services and obligations are stable, but it's not profitable.

You said earlier that various actions had been taken to improve Canada Post's financial sustainability. You said it was important to leverage synergies across the services available throughout Canada and to undertake other activities to achieve profitability. You didn't provide a list of actions or any details, however.

Generalities aside, can you give us any details on how financial sustainability will be achieved at Canada Post? That's my first question.

Now for my second question. Providing postal services right across the country is a very important responsibility. Nevertheless, all Canada Post receives in government funding is \$22 million, basically enough to cover the costs of mailings by parliamentarians and the postage so that all constituents can send letters to their members of Parliament free of charge. That bears repeating because I still see postage stamps on the mail I get from people.

Everyone agrees that Canada Post needs modernizing, but that takes money. Canada Post has a deficit, so it can't undertake modernization efforts on its own, and if it doesn't modernize, it can't make money. It's a catch-22.

Doesn't the government have a role to play in helping the Crown corporation modernize, thereby helping it to become profitable, even if it's providing sporadic financial support?

Mr. Lorenzo Ieraci: In response to your first question, about wanting more details on the activities, the first thing I would say is that I have to respect Canada Post's independence. As the Canada Post officials mentioned, the corporation's annual report will be released in the next three weeks, if I'm not mistaken. It will contain information on the activities being undertaken, the corporation's financial situation and so forth.

As for your second question, Canada Post does receive \$22 million in funding for the activities you described. That said, we are talking about an organization with more than \$7 billion in revenue. Does it need money? One thing is for sure: as a Crown corporation, Canada Post receives financial support from the Government of

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

As far as the future goes, Canada Post will no doubt explore solutions to achieve financial sustainability, given its current business model and the cost of delivering mail and parcels to every community, right across the country. The corporation will certainly explore various options for the way forward.

Mrs. Julie Vignola: Modernization is an important element, one that will help keep people in different communities safe, among other things. I mentioned the issues that people in Kuujuaq and Lourdes-de-Blanc-Sablon were having, but people in so-called rural areas are also having problems. I'm talking about places that fit the definition of a rural area, despite having hardly any of the characteristics and not being remote. Nevertheless, these people run into problems because of duplicate addresses or even postal codes, and that is putting their safety at risk. That's what happens when people don't get their drugs on time. It would be unfortunate if communities decided to take the organization to court for failing to provide the services it is required to provide under the charter and the law.

How are you going to make sure that doesn't happen and that people are safe?

• (1230)

[English]

The Chair: You have about 20 seconds.

[Translation]

Mr. Lorenzo Ieraci: All right.

The board of directors and the senior management group are responsible for ensuring that the organization does everything possible to deliver services that are in line with current service expectations. That will factor into our conversations with Canada Post regarding the future.

[English]

The Chair: Thanks very much.

Go ahead, Mr. Bachrach, please.

Mr. Taylor Bachrach: Thank you, Mr. Chair, and thank you to our witnesses for being with us.

Does monitoring the effectiveness of the 1994 moratorium on post office closures fall within the mandate of Public Services and Procurement Canada?

Mr. Lorenzo Ieraci: Adherence to the rural moratorium is part of the service charter, and Canada Post provides updates in terms of its compliance with the service charter on an annual basis to the minister through its annual reports. In that regard, my team and I take a look at the annual report and provide a secondary view for consideration by the minister.

Mr. Taylor Bachrach: Then you do monitor. This is a government mandate. You're the government, and you monitor whether Canada Post, as an arms-length corporation, is fulfilling the mandate. I take that as your answer.

How many post offices have closed since the 1994 moratorium was put in place?

Mr. Eugene Gourevitch: When the moratorium was established, there were roughly 4,000 protected offices. Today there are roughly 3,400.

Mr. Taylor Bachrach: Therefore 600 post offices have closed. From that list of 4,000, we've lost 600 post offices.

Mr. Eugene Gourevitch: That's over 30 years.

Mr. Taylor Bachrach: Does PSPC or the government in general see this as being a problem? There's a moratorium on closing post offices, yet we've seen that a significant percentage of those on the protected list have been closed.

Has the minister provided any direction to Canada Post to reverse this trend? It feels like the moratorium isn't working. I guess that's what I'm trying to say.

Mr. Eugene Gourevitch: On an annual basis, roughly 125 offices come up for review. Of those, only a small number are closed, so in over 99% of situations, the moratorium is maintained. However, we absolutely take your point that the number of offices has continued to decline as letter mail does continue to decline as well.

Mr. Taylor Bachrach: Here's my observation, as someone who represents rural and remote communities.

You have Canada Post post offices in rural areas. Something happens to the post office—the postmaster quits or the postmaster passes away or the building burns down. Canada Post's offer to new postmasters is, frankly, not adequate to attract new people to the role, so when they don't get any applicants, they end up contracting out the service. It's a retail franchise model: They get a business and they pay the business a commission on parcels. When that fails—because the commission that Canada Post pays isn't adequate—the community ends up with a steel mailbox on the side of the road.

Does that ring true? Is that what we're seeing in rural Canada right now?

Mr. Lorenzo Ieraci: Rural Canada, over the last 30 years, has changed fairly importantly. One of the things that was noted is that some communities that were rural 30 years ago are no longer rural. Gatineau is actually still on the list as a rural community. I don't know that many would consider Gatineau to be rural.

I think it's difficult to paint all of them with a broad brush. What I would say is this: In certain instances, because of demographic shifts, there are going to be closures and there are going to be openings that will kind of align as Canadians continue to move throughout the country.

Where there are obviously issues is where, in certain locations, there's still a need for the post office, and the replacement is challenging.

Mr. Taylor Bachrach: We're talking about 600 post offices, and I'm trying to understand the trend. Those 600 post offices are not in

communities that are urbanized. What we're seeing is the loss of post offices in tiny communities. I know we are. You know we are. This is the trend that we're seeing across Canada.

That's clearly contrary to Canada Post's mandate to provide better service in rural and remote communities. We have a situation of the government's mandate not being fulfilled by the corporation. Is that not the case?

The government tells Canada Post, “You need to improve and deliver high-quality postal service in rural and remote Canada,” and Canada Post operates in such a way that we've lost 600 post offices since 1994. Rural Canada is losing postal service every single year.

How is that not a problem?

• (1235)

Mr. Lorenzo Ieraci: Obviously that is a challenge in terms of the number of post offices, including from the moratorium, that have closed. As you indicated, it is 600 over the course of the last 30 years.

Those are the things that are kind of explored through our conversations with Canada Post in terms of raising those challenges and areas that they need to be able to focus their attention on, in terms of making sure they're maintaining service to rural Canadians.

How much time do I have left, sir?

The Chair: You have 45 seconds.

Mr. Lorenzo Ieraci: Very quickly, a number of options are available to ministers of the Crown in terms of their dialogues with Crown corporations. We talked about the letter of expectation being one of them.

The other one is obviously just encouragement, which is what we do within PSPC when we speak with Canada Post in making sure that the board of directors is aware of its obligations in terms of service delivery.

Mr. Taylor Bachrach: To be very clear, has the minister ever, in the letter of expectation, expressed to Canada Post any concern about the closure of rural post offices—this loss of 600 post offices—and said, “As minister, I want Canada Post to do things differently to reverse this trend of losing post offices?”

You mentioned the letter of expectation, but what you read back to us from the letter of expectation was boilerplate. It was to continue to fulfill the service mandate and blah, blah, blah.

Has the minister ever expressed concern that the moratorium is not being heeded by the Crown corporation?

Mr. Lorenzo Ieraci: In the brief time that I have, the letter of expectation sets the expectations in terms of the board, so obviously it typically tends to have language that is fairly strategic or policy-oriented in nature.

The Chair: Thank you very much.

Mrs. Kusie, go ahead, please, for five minutes.

Mrs. Stephanie Kusie: Thank you, Mr. Chair, and thank you to our witnesses for being here today.

For the previous hour, we were able to obtain the presence of executives from Canada Post. Unfortunately, we did not have the CEO of Canada Post today. We look forward to their testimony at a later date.

In this first hour, I questioned the vice-president of operations relative to a May 2023 report on the invasion of privacy of Canadians and the privacy of Canadians not being respected. In this May 2023 report, the Privacy Commissioner indicated that information from mail was being harvested from Canadians and then rented to third party organizations for the profit of Canada Post.

Canada Post, in its initial response, indicated that it did not view its engagement in these activities as being in any way contrary to the public interest. In fact, it said that “research indicates that consumers enjoy receiving [this information] by mail.”

I do not believe that Canadians appreciate having their privacy rights taken away from them.

Essentially, Canada Post refused and rejected this report and recommendation of the Privacy Commissioner. Today the vice-president of operations indicated that there were some remedial measures being taken, like evaluation of postal codes, etc.

First of all, I'd like to know this: Do you condone the privacy of Canadians being compromised in this fashion?

Second, are you aware of these mitigatory steps that the vice-president of operations of Canada Post says have been taken?

Third, do you think those steps are satisfactory to respect and protect the privacy of Canadians?

Mr. Lorenzo Ieraci: In terms of the issue of privacy, obviously the Privacy Commissioner has issued a report to Canada Post that highlighted concerns and recommendations. As was indicated today, Canada Post has undertaken activities and steps to be able to address the recommendations of the Privacy Commissioner.

In terms of whether or not those are satisfactory, it would be for the Privacy Commissioner to determine whether the recommendations and the steps that have been taken by Canada Post will address the concerns that were raised in that report.

• (1240)

Mr. Eugene Gourevitch: I just want to add that in the annual letter of expectation issued to Canada Post, the expectation to meet the recommendations from the Privacy Commissioner is also included.

Mrs. Stephanie Kusie: You're saying that you do respect the decisions made by independent officers of Parliament.

Mr. Eugene Gourevitch: Absolutely.

Mrs. Stephanie Kusie: Excellent.

Another issue that we have seen this committee seized with is the issue of bait and switch in the ArriveCAN scandal, or arrive scam, as it's now commonly known.

In this process, what happens is a contractor or a vendor enters with a certain proposal using certain subcontractors—certain other partner vendors—and then when the contract is awarded, it switches out the vendors and the agreements on which the contract was awarded.

What analysis has your department done to avoid the bait and switch?

Mr. Lorenzo Ieraci: Do you mean in terms of work with Canada Post on issues of their contracting activities?

Mrs. Stephanie Kusie: I mean across government.

Mr. Lorenzo Ieraci: Unfortunately, I was prepared to speak about Canada Post today. While I know the department has undertaken a number of activities in the area of procurement, I don't know that I would be well positioned to be able to provide an informed response.

Mrs. Stephanie Kusie: In your role at the public works department, would you say that there is a culture of non-compliance with contractors and subcontractors because of the overly relaxed attitude of the department toward accepting bait and switch?

I think that falls within the realm of what we're talking about today. It's the general culture of the department relative to not only Canada Post but to your department itself.

Mr. Lorenzo Ieraci: With regard to my role as the assistant deputy minister for policy, planning and communications, I would say that what I've observed since being with the department since 2018 is a department that is aware that there are a number of obligations and requirements, not just in procurement but in a number of other areas. We've talked about privacy and other aspects. The department undertakes, to the best of its abilities, the work in a way that is compliant with all of those rules, directives and regulations.

Mrs. Stephanie Kusie: Thank you for your testimony today.

Thank you, Mr. Chair.

The Chair: Thank you, Mrs. Kusie.

Mr. Bains, please go ahead, sir.

Mr. Parm Bains (Steveston—Richmond East, Lib.): Thank you, Mr. Chair.

Thank you to our departmental officials for joining us today.

Mr. Ieraci, considering that you're in planning and communications and that we've spoken about the annual letter that's shared with PSPC, do you think that's sufficient, considering the rapid changes in letter mail and how mail is delivered? Is the annual letter sufficient, or is there any more periodic communication happening between Canada Post and PSPC?

Mr. Lorenzo Ieraci: I'll give a response in two parts.

First, recognizing that Canada Post is one of the largest organizations in Canada, with nearly 70,000 employees across 5,600 locations from coast to coast to coast, we do have regular touchpoints and meetings with them on a biweekly basis, or sometimes even on a weekly basis, to discuss the numerous issues and opportunities that Canada Post is facing.

Second, to your first question, you talked about the letter of expectation. As I mentioned before, that is one of the tools that is used by ministers to be able to identify expectations of Crown corporations. That's not unique to Canada Post; it is across all Crown corporations. There are other mechanisms that are also used.

The last thing I will say, if you'll permit me, is that we noted very briefly earlier that when we look at a number of other jurisdictions, we see that they are facing challenges similar to what Canada Post is facing, whether it's in the United States, Australia, England, France or elsewhere. There is a decline in letter mail that's happening across the board, and basically all postal services around the world are facing similar challenges with decreasing letter mail, which results in decreasing revenues and an increasing number of points where they have to be able to deliver, which raises some fundamental concerns.

Many other jurisdictions have taken the route of providing financial assistance to their postal services or postal carriers. Some of the other jurisdictions are doing a few things that are a little different. For members, as part of the study, you might be interested in what the Australians are doing with their postal system.

• (1245)

Mr. Parm Bains: Considering that you're aware of the recent trends in letter mail and that you're looking at other jurisdictions, what are you learning from them? Apart from understanding that they are having similar challenges, what are you learning, and what's a good model? You just mentioned Australia. What are they doing? It's comparable. It's a pretty vast region and it's hard to get to certain areas, which is similar to what we have here.

Mr. Lorenzo Ieraci: I'll say two things, and then I'll turn to my colleague Eugene.

When we take a look at the Australian model, as you indicated, we see a lot of comparables between Australia and Canada in terms of geography and some of the challenges and opportunities that arise. What we're finding is that it's a fairly complex issue that often brings a lot of different factors into consideration. There are things like universality, which is making sure that everybody in the country is treated the same in terms of service delivery, and that has implications in terms of cost. Also, some places simply might be a little easier to deliver to, which usually means that it's less costly.

What I would say is that as the committee looks at this subject, it will see that there's a fair amount of complexity in some of these issues that I think we're learning about.

Go ahead, Eugene.

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

Many other countries are moving to things like alternate day delivery of letter mail, while others, as Lorenzo mentioned, have decided to subsidize their national post. Out of the roughly 192 member countries of the Universal Postal Union, which is the UN technical agency for the post, more than half today provide subsidies to their posts in one way or another to ensure that they can maintain universal service.

Mr. Parm Bains: I know this was mentioned earlier. I am fortunate to live in Richmond, British Columbia, a gateway city. There is a lot of access, a lot of logistics there. We have a community hub model there for parcel delivery, with the Canada Post office located inside Canadian Tire. Commonly, people are lined up and using it. It seems to be working pretty well.

Is that community hub model working?

The Chair: I'm afraid that we don't have time for a response. Maybe you can put that in writing. I think Ms. Atwin broached that point as well.

Next we have Mrs. Vignola, please, for two and a half minutes.

[*Translation*]

Mrs. Julie Vignola: Thank you, Mr. Chair.

Mr. Ieraci, you said in your opening remarks that Public Services and Procurement Canada, or PSPC, provided guidance and oversight.

Is any of the guidance geared towards contracting out work? In other words, do you advise Canada Post to use contractors? Does your guidance extend to that level?

Mr. Lorenzo Ieraci: The Crown corporation is responsible for managing its day-to-day operations, of course.

Furthermore, Canada Post is not subject to most of the Treasury Board's policies on procurement, since Crown corporations are treated differently under the law. That means Canada Post has independence when it comes to procurement, and we have no involvement at all in that aspect.

Mrs. Julie Vignola: Thank you.

You must be reading my mind, because as I was taking notes, something occurred to me. It would be worth examining Australia's or the United Kingdom's postal system, taking into account the difference between England's and Scotland's systems. In one case, it took two weeks for a parcel to arrive, and in the case of England, it took four months. With respect to Denmark and Sweden, I received what I shipped from those countries in less than two weeks, which is great. You don't even see that in Quebec, I assure you. When I send something to my sister in Vermont, it can take more than two weeks for her to get it. That would definitely be an area worth looking into.

Does PSPC also carry out in-depth studies, in co-operation with Canada Post?

We're told that everyone is dealing with the same thing. Okay, that's fine, but I'm getting the feeling that it's being used as an excuse not to make progress, and that's appalling. At a certain point, the problem has to be recognized and solutions have to be found. Perhaps they'll be more expensive, but from an actuarial standpoint, it would be a beneficial undertaking. I'm talking about an approach that focuses less on the accounting side and more on the actuarial side.

Does the government look at things through that lens?

• (1250)

Mr. Lorenzo Ieraci: I can tell you that we do what our resources permit. It's important to understand something: Canada Post is an organization of nearly 70,000 employees, as I said, whereas my team has fewer than 12 people. We perform our duties for all the agencies and Crown corporations that fall under our department's mandate. Canada Post is one of those organizations, but it's not the only one. We do everything within our means to identify ideas and solutions.

[English]

The Chair: Thank you.

Go ahead, Mr. Bachrach, please.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

I'd like to pick up where I left off with the loss of rural post offices and this trend that we're seeing of post offices going from Canada Post post offices to a contracted-out service to a mailbox at the side of the road.

I was talking to Carmen McPhee. She's the chief councillor of the Tahltan Band, one of the bands of the Tahltan Nation up in northern B.C. Some years ago, Canada Post contracted out the post office in Dease Lake to the Tahltan Band, which has been running it as a service to the community. It's not working out, because the amount that Canada Post is willing to pay through that contract is not enough to cover the cost of operating the post office, so the band is losing tens of thousands of dollars per year. When I talked to Chief McPhee, her desire was for Canada Post to take it back and re-establish a proper Canada Post post office in that community.

Now, based on your knowledge, when we look across Canada and see the loss of all these post offices, are we seeing any examples of contracted-out services, these retail franchises, going back to the Canada Post post office model, with a unionized postmaster

and the costs covered by Canada Post? Is that something we're seeing? Is there a mechanism to return full services to communities where the contracted-out model isn't working, or is this a one-way trip to a community mailbox on the side of the road at -40° in two feet of snow and no way to buy stamps? What's your message for Chief McPhee?

Mr. Lorenzo Ieraci: There are two things.

First, with regard to your direct question of whether we're seeing the flow go the other way from the contracted-out model, I don't have the answer to that question. As I indicated, Canada Post, as an independent Crown corporation, manages its own operations.

I would say that in a lot of instances, there are.... Recognizing that the situation you described in Dease Lake is going to be very different from a lot of other franchise locations in other instances, there are times where Canada Post will set up a franchise location—somebody mentioned a Walmart or a Shoppers Drug Mart—at one of those retail locations. Again, we have to recognize that in some communities that will not work for obvious reasons, but in a number of others, that does tend to work. Canadians have indicated through public opinion research that whether it's a corporate location or a franchise location, they just want to be able to have access to the service—

Mr. Taylor Bachrach: There's no Walmart. There's no Shoppers Drug Mart.

Mr. Lorenzo Ieraci: —which is why I said—

The Chair: Thanks. That is our time.

Mrs. Block is next.

Mrs. Kelly Block: Thank you very much, Mr. Chair.

I want to revisit the Canada Post Corporation Act.

The second provision, the provision of postal services to rural regions of the country, is an integral part of Canada Post's universal service. If it's an integral part of Canada Post's universal service and it is actually identified in the act as being so, I want to go back to this conversation that we've had around the moratorium.

Earlier in this meeting, we heard from Mr. Yee, who stated that if a post office is on the list, it won't be closed. You yourself, Mr. Gourevitch, stated that the moratorium has remained unchanged, and I have to believe that what you meant was the language of the moratorium, not necessarily the fact that we continue to see closures in rural Canada.

My question to you is this: With regard to the moratorium and, as my colleague has pointed out, whether Canada Post is unable to find a retail space to host a post office or whether a postmaster passes away or leaves that post and you are unable to find a replacement, it would appear that the closing of post offices by attrition is a way for the Government of Canada to subvert the moratorium.

Are any actions being taken by your department to ensure that this gap within the moratorium is closed?

• (1255)

Mr. Lorenzo Ieraci: Again, as we indicated, we do work with Canada Post and we do flag to it every time we become aware of a situation of a rural post office or location being at risk, keeping in mind that the Crown corporation is independent and is responsible for managing its operations and that the board of directors ultimately undertakes the review and ensures compliance with all of these obligations of Canada Post management. We do flag those. However, obviously, given the numbers we mentioned today—the decrease of 600 locations over the course of 30 years—there are instances in which locations are closing, unfortunately.

Mrs. Kelly Block: My observation would be that the Government of Canada and the Department of Public Services and Procurement, which function under the Canada Post Corporation Act and are responsible for overseeing that act, really need to take a look at the act and the fact that we've identified that the provision of these postal services in rural Canada is an integral part of a universal service.

I'm a member of Parliament in a large rural community, as I think I've stated. I have a community that is operating a Canada Post office out of a community hall, and they are fundraising in order to cover the costs of that service in their community. I think that's reprehensible when we're talking about a service that is supposed to be universally accessible. I will leave that one there.

The Minister of Public Services and Procurement is expected to provide Canada Post with guidance and oversight to ensure that the overall direction and performance of the corporation aligns with the government's policies and objectives. I know that this is normally communicated via a letter of expectation, and I think we've spoken about that as well.

Did the minister provide Canada Post with this annual letter this year?

Mr. Lorenzo Ieraci: Yes, the minister did.

Mrs. Kelly Block: You've already answered that the privacy of Canadians was addressed in that letter. What other major issues were identified in the letter by the minister?

Mr. Lorenzo Ieraci: As I indicated, there are a number of areas that have been identified, including guidance that we received from the Privy Council Office.

Mr. Eugene Gourevitch: There were some announcements in budget 2023 dealing with spending reductions that are expected to be also reflected in Crown corporations, and there was language around the need to meet the service charter.

I'll add that in addition to the rural moratorium, the service charter does include expectations that 98% of Canadians will be within 15 kilometres of a post office, 88% of Canadians will be within five kilometres of a post office, and 78% of Canadians will be within two and a half kilometres of a post office. The rules are not just simply the moratorium on the closures, but there is also the need to ensure that there's community access.

As MP Bachrach mentioned, there is certainly an opportunity to look at the confines of what exists currently in the rural moratorium and examine potential changes as part of the government service charter review that needs to occur. We need to look at ways to en-

sure that services are protected in rural communities by looking at things as simple as—

The Chair: Thank you very much. That is our time.

Mr. Kusmierczyk, go ahead, please, sir.

Mr. Irek Kusmierczyk: Thank you, Mr. Chair.

Before I begin my questions, I want to ask you something, Mr. Chair.

When the premiers appeared before the OGGO committee, we asked them to share with the committee the correspondence that they had with the committee prior to their appearance. I would like to get an update on whether that correspondence has been shared.

The Chair: Has anything come in—

Mr. Irek Kusmierczyk: Maybe we could send a reminder for that information to be sent to the committee.

The Chair: Sure.

We'll also check with Mr. Bigelow, as I mentioned, as we have a substitute in that chair today.

Mr. Irek Kusmierczyk: That's perfect. Great. Thank you.

Thank you very much, gentlemen, for appearing at this committee and thank you so much for the information that you're providing.

Last year, in Nanaimo, as I understand it, Canada Post unveiled its first all-electric fleet. There were 14 100% electric delivery vans that were unveiled as part of our greening government strategy to electrify 14,000 of the Canada Post fleet.

Has there been any analysis on the potential cost savings to Canada Post of transitioning from combustion engines, fossil fuel engines, to electric vehicle fleets? Do you anticipate any cost savings, as it's 14,000 vehicles?

We know that electric vehicles cost less to maintain and we know that fuel costs are less as well. Do we expect savings for Canada Post as a result of this transition to electric vehicles? I believe we've committed over \$1 billion just for Canada Post for that transition, if I'm not mistaken.

Can you speak to that a little bit?

• (1300)

Mr. Lorenzo Ieraci: I know that Canada Post is exploring and doing an analysis of potentially electrifying its fleet. Again, recognizing that Canada Post has locations across Canada, in certain instances or locations, electrification of its vehicle fleet may be a bit easier and may result in cost savings there, compared to others where it might be a little more difficult or challenging from an infrastructure perspective.

I do know that this is one of things that Canada Post is looking at as part of its ongoing assessment of its ongoing cost and where there may be opportunities to reduce some of those costs, recognizing that the electrification of a fleet would obviously happen as the current fleet reaches the end of its useful life cycle, which for every vehicle would obviously be slightly different.

I don't have a specific answer in terms of cost savings, but I know that Canada Post is exploring that transition at this point in time.

Mr. Irek Kusmierczyk: If you have that information and you're able to subsequently share it with the committee, that would be terrific. I'd love to be able to see if there's a cost analysis for the potential cost savings of going to electric vehicles.

Right now, the rollout of EVs will be taking place in urban areas where there is infrastructure—charging stations and whatnot—and communities are in close proximity.

Do you foresee challenges specific to rural delivery for going to electric vehicles?

Mr. Lorenzo Ieraci: Recognizing that I'm venturing into an area that I'm really not that familiar with, I'm going to be fairly cautious because this is, again, an operational question for Canada Post.

I think one of the challenges it has faced... I'm not an EV expert, so I hope Canadians won't get upset with me if I get some of this wrong—

The Chair: Mr. Kusmierczyk will be upset with you.

Mr. Lorenzo Ieraci: Okay. Thank you, Mr. Chair.

For example, in northern communities, where the temperature can get a little more difficult, we know the battery life can have some challenges.

Again, recognizing that Canada Post has 5,600 locations spread out across Canada and that they serve many different types of communities, I don't necessarily know that a one-size-fits-all approach will work in the way it manages its fleet. It has to be able to target that so that the associated costs would be appropriate and that there would be a potential return on investments.

Mr. Irek Kusmierczyk: You were before this committee before, when you were the head of the office of small and medium enterprises. I want to ask if the universality principle of Canada Post is, in your opinion, an advantage for small businesses in Canada.

Can it be seen as an advantage to have this network and this service for small businesses in Canada, from your prior role and with your prior perspective?

Mr. Lorenzo Ieraci: I haven't been with the office of small and medium enterprises for... It's now called Procurement Assistance Canada. Pardon me. I haven't been with Procurement Assistance Canada for a number of years now.

I think there is an advantage. Small businesses, particularly depending on where they're located, may have options available to them in shipping, and particularly business-to-business shipping, but in some instances, they may be relying on Canada Post. Obviously, having access to Canada Post to be able to move their goods and services... We heard some examples earlier of how that might not have been working as intended in the past.

Obviously, there is a benefit in terms of universality. Again, as I mentioned, as part of the study, the committee might be interested in taking a look at what Australia has been doing, because it faces challenges with population and geography that are similar to those we face here in Canada.

Mr. Irek Kusmierczyk: Thank you.

The Chair: Thank you very much.

Gentlemen, thanks for being with us.

I'm glad Mr. Kusmierczyk gave you a chance to mention Procurement Assistance Canada. For anyone watching—the three or four people watching on ParlVU right now—it is a phenomenal program within the Government of Canada. We've used it lots in Edmonton West. I strongly suggest that anyone with a small business who's looking to bid on Canadian business look at their website. I highly recommend it.

Colleagues, just quickly, a note about Wednesday, you will receive an email from the clerk regarding the Dalian and Coradix translation documents. We will be in camera for about 15 minutes to discuss those. When you get it today, it will be with regard to Wednesday.

If there's nothing else, we are adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>