

Intelligence MEMOS



From: Les Viner
To: Postal Observers
Date: August 6, 2025
Re: **IT'S TIME TO STOP CANADA'S POSTAL BLEEDING**

Canada Post, which predates Confederation, is a vital national institution, playing a particularly important role in serving rural, Northern and Indigenous communities across our vast country.

But today, Canada Post is effectively insolvent. Indeed, it would have run out of cash had the government not recently extended a billion-dollar lifeline.

This situation is no surprise, and it has been developing for a long time. Canada Post has been impeded from adapting to modern business realities because of long-standing labour inflexibility as well as oscillation by prior governments between profound indifference and political interference.

Whatever way Canada Post and its main union, CUPW, resolve their current contract impasse, a much bigger problem looms for the Crown corporation and the federal government.

William Kaplan, a highly respected mediator and arbitrator, recently examined this stalemate as a commissioner appointed under the Canada Labour Code. In his recent [report](#) he described Canada Post as facing an “existential crisis.” He recommended drastic changes to its operations.

And these changes must be made. Our new government said that it will do things differently, promising to act decisively and urgently in charting a new path for our country. It now has a golden opportunity to meet the moment by accepting all of Mr. Kaplan's recommendations and if there is any pushback from any of the parties, by appointing him to do it for them.

As letter-mail business continues to erode, the future of Canada Post lies in parcel delivery, which is intensely competitive. Customers expect and demand seven-day-a-week service at competitive prices without undue risk of disruption.

Paradoxically, the stakeholders who would be expected to have the keenest interest in ensuring the corporation's viability are blocking the company's ability to succeed. CUPW refuses to allow Canada Post to hire a dedicated force of flexible weekend workers. Meanwhile, workers, who get overtime pay for weekend work, earn more – roughly \$30 per hour to start – than their counterparts at unionized competitors and vastly more than their counterparts at non-unionized competitors.

As the Kaplan report outlined, those workers with tenure have job security for life, a defined-benefit pension plan, and postretirement benefits indexed to inflation, a multitude of generous leave entitlements, and are paid for eight hours of work whether or not it takes eight hours to complete a route. All these factors make seven-day-a-week parcel delivery impossible to achieve at competitive prices, which means that parcel delivery competitors are taking over most of the market share.

Indifference of and interference by prior governments have exacerbated the situation. For example, even though 30 percent of the thousands of corporate postal outlets classified as rural are now urban or suburban, Canada Post is directed not to close or consolidate any of them. Further, although door-to-door delivery costs 75 percent more than delivery to community mailboxes, Justin Trudeau's incoming government imposed a moratorium on community mailbox conversions in 2015.

The Kaplan report threads the needle. His recommendations include ending the moratoriums on rural post office closings and community mailbox conversions, changing collective agreements to allow for the flexible use of well-paid part-time employees, requiring employees to work the hours for which they are paid, and introducing dynamic routing to adapt routes to daily volumes. His well-reasoned report lays out the path for a future that sustainably preserves the institution of Canada Post and respects labour and other key stakeholders in a fair and balanced approach.

Absent urgent structural change, the future of Canada Post will be doomed by private competition, unsustainable demands of labour, and no clear directional oversight by the sole shareholder as represented by prior governments.

As the world evolved from paper to digital, from letter mail to parcels, and from a relatively benign competitive landscape to an intensively competitive one, politicization of key issues impeded necessary reform, perpetuating a cycle of waste, inefficiency and financial recklessness. Canada Post now loses a billion dollars of taxpayer money each year, and the prognosis is materially worse, absent major change.

The operational straitjacket imposed by the union, together with past governments' failure to address the underlying structural issues, mean that Canada Post has effectively been disabled from running an operation that is even remotely commercially sensible. The math simply doesn't work.

Les Viner was managing partner at Torys LLP for 22 years and was seconded to Canada Post as interim general counsel from October, 2022, to June, 2023. He is a senior fellow with the C.D. Howe Institute.

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A version of this Memo first [appeared](#) in The Globe and Mail.