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Overview of Certain Federal Government Services in Rural and Urban Areas



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER
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The Parliamentary Budget Officer (PBO) supports Parliament by providing economic and financial analysis for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

The Standing Committee on Government Operations and Estimates (OGGO) requested the Parliamentary Budget Officer (PBO) to conduct an analysis comparing the level of federal government service in rural and urban areas, as well as the cost of providing these services. For this analysis, the PBO focused on services that Canadians are most likely to directly use, namely Service Canada and Canada Post. This report compares the availability of Service Canada locations and the usage of their services in rural and urban locations, as well as comparing mail delivery in rural and urban regions. It also summarizes the cost of providing services in urban and rural regions.

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Highlights

Service Canada operates a total of 584 in-person sites across the country, processing a total of 11.8 million requests in 2024-25. The projected operating cost in 2025-26 is \$370 million. The most common types of services provided are passports, social insurance numbers (SIN), employment insurance (EI), and Canada Pension Plan (CPP) services.

94 per cent of urban census divisions contain at least one Service Canada site, compared to 76 per cent of rural census divisions. However, sites in rural areas tend to be Scheduled Outreach Sites (which provide occasional service). Larger sites (such as passport centres or consolidated sites) are concentrated in urban areas.

Canada Post has a total of 5,860 post offices, of which 3,361 are rural and 2,499 are urban. 95 per cent of urban Canadians live within five kilometres to the nearest post office, compared to 63 per cent of rural Canadians. Canada Post's operating cost was \$7.4 billion in 2024.

Delivery standards for Canada Post are set according to distance to processing facilities. In general, urban centres have faster delivery standards compared to rural and remote areas. However, on-time performance (relative to each respective standard) is similar for urban and rural parcel deliveries at 96 per cent. Lettermail on-time performance is around 83 per cent overall and are not tracked based on rural/urban addresses by Canada Post.

There is no consistent definition of "urban" and "rural" areas as it relates to federal service delivery standards. Nonetheless, the federal service delivery organizations analyzed in this report do characterize their service delivery by population density.

Background

The Standing Committee on Government Operations and Estimates (OGGO) has requested the Parliamentary Budget Officer (PBO) to conduct an analysis comparing the level of federal government service in rural and urban areas, as well as the cost of providing these services.

Given the complex and wide-ranging nature of this topic and the consideration for timelines to provide a report to the committee, this report does not attempt to provide a comprehensive analysis on the full range of government services. Instead, the PBO focuses on certain specific federal government services that have the most direct interactions with Canadians, namely Service Canada and Canada Post, as illustrative of service levels and cost of service.

Service Canada

Service Canada provides many services directly to Canadians. The most used service is the passport program: 5.4 million passports were issued in the 2024-2025 fiscal year.¹ Other popular services include Employment Insurance (EI), Social Insurance Numbers (SIN), and Canada Pension Plan (CPP) related services. While many of these services can be obtained remotely (for example, mail-in passport applications), the presence of physical Service Canada locations still remains a crucial component of government service delivery.²

There are five types of Service Canada sites:

1. **Service Canada centres:** the standard Service Canada locations provide a wide range of services, usually located in a population centre. There are 276 such sites in Canada.
2. **Service Canada centres with 10-Day passport service:** in addition to providing regular services, these sites offer express 10-day passport processing. These sites are usually located in mid-sized cities. There are 22 such sites in Canada.
3. **Consolidated sites:** these sites offer the combined services of regular Service Canada Centres and Passport Service locations. They are usually located in large cities. There are 16 such sites in Canada.
4. **Passport service sites:** these sites specialize in offering passport services. They are usually located in large cities. There are 18 such sites in Canada.

5. **Scheduled outreach sites:** these are smaller sites that provide services on an occasional schedule, in areas without a regular Service Canada location. There are 254 such sites in Canada.

An information request (IR 0914)³ was sent to Service Canada on the operating cost of its in-person service network in urban and rural areas. However, due to data availability and time constraints, data on operating cost was only provided on regional levels without urban and rural breakdown.

Canada Post

Canada Post Corporation is the Crown corporation responsible for providing mail and parcel delivery services across Canada. It has a mandate to serve rural and remote populations, and it aims to be financially self-sustaining. In addition to the direct services it provides, Canada Post also plays a role in the delivery of other government services, such as delivering government-related mail/notices and enabling services such as mail-in passport applications.

An information request (IR 0912)⁴ was sent to Canada Post regarding service levels and costs in rural and urban areas. While Canada Post provided the requested information on service levels, it declined to disclose information on service costs beyond what was available in its public reports.

Service Canada

Service Coverage by Census Division

To analyze the differences in service levels in rural and urban areas, the PBO obtained a list of all Service Canada sites and their service volumes. The PBO tallied the number of different Service Canada sites as well as their service volumes across each census division (CD) and categorized CDs as “urban” (at least half of its population living in population centres) or “rural” (less than half of its population living in population centres).⁵

Table 1

Number of Service Canada sites in rural/urban census divisions (CDs)

	Urban	Rural
Number of CDs	141	152
Census 2021 population (millions)	32.6	4.4
Number of Service Canada centres	180	97
Number of Service Canada centres with 10-Day passport services	18	5
Number of consolidated sites	17	0
Number of passport centres	19	0
Number of scheduled outreach sites	94	154
Number of all sites	328	256

Source:

Service Canada, Statistics Canada

As seen in Table 1, 141 out of 293 CDs are classified as “urban”, with a total population of 32.6 million (88.2 per cent of Canada’s population). 152 CDs are classified as “rural”, with a total population of 4.4 million (11.8 per cent of Canada’s population).

There are a total of 584 Service Canada sites, 328 of which are in urban CDs (56.2 per cent) and 256 are in rural CDs (43.8 per cent). While rural CDs have more sites per

capita, these sites must serve a more dispersed population, which means that some rural residents may still need to travel long distances to visit a site.

Another difference between sites in urban and rural CDs is that urban CDs contain more larger sites with comprehensive services (for example, all 17 consolidated sites and all 19 passport centres are in urban CDs). On the other hand, rural CDs tend to contain smaller sites or scheduled outreach sites, which provide occasional and intermittent service in locations without regular service centres.

Table 2

Minimum Service Coverage in Rural/Urban Census Divisions (CDs)

	Urban	Rural
Number of CDs	141	152
CDs with at least one Service Canada centre	111	81
CDs with at least one Service Canada centre with 10-Day passport service	18	5
CDs with at least one consolidated site	14	0
CDs with at least one passport service centre	14	0
CDs with at least one scheduled outreach site	54	67
CDs without sites	9	36
CD with at least one site (any type)	132	116

Source:

Service Canada, Statistics Canada

Table 2 provides an overview of the minimum service coverage in different census divisions. 132 out of 141 urban CDs contain at least one site (93.6 per cent), compared to 116 out of 152 for rural CDs (76.3 per cent). Similar to Table 1, urban CDs are more likely to contain at least one site, particularly larger sites with more comprehensive services. On the other hand, just under half of rural CDs are either without sites or only have scheduled outreach sites.

Table 3

Number of service requests (thousands) in rural/urban census divisions (CDs), 2024-25

	Urban	Rural	Total
Passport requests	2,026	304	2,330
SIN requests	1,297	78	1,375
EI requests	839	309	1,148
CPP requests	370	87	457
Other requests	6,208	316	6,523
Total service requests	10,740	1,093	11,833

Source:

Service Canada, Statistics Canada

In FY 2024-25, about 11.8 million in-person service requests were received at Service Canada sites. About 10.7 million (90.8 per cent) were in mostly urban CDs, and 1.1 million (9.2 per cent) were in rural CDs. These proportions were similar to their population shares.

The four most common request types were passports, SIN, EI, and CPP requests. They together account for 5.3 million or 44.8 per cent of all requests. In urban CDs, passports were the most common request category, but in mostly rural CDs, the most common category was EI requests. This may be because most sites with additional passport processing capacity (e.g. 10-day service or dedicated passport centres) are located in urban areas.

Cost of Service Canada Locations

In the 2025-26 fiscal year, the total operating cost for the Service Canada in-person network is projected to be \$370 million. This is about 6.6 per cent higher than planned spending under the 2025-26 budget, with the difference attributed to higher salary costs. Service Canada also provided a regional breakdown using its internal regional classification (Atlantic, Ontario, Quebec, and West Canada/Territories). Table 4 summarizes the operating cost of the Service Canada in-person network (obtained from Information Request IR0914).

Table 4

**Operating Cost of Service Canada In-Person Network, FY 2025-26
(\$ Millions)**

	Planned spending (2025-26 budget)			Forecasted spending as of December 31, 2025		
	Salary	Non-salary	Total	Salary	Non-salary	Total
Atlantic	29	1	31	31	1	32
Ontario	107	4	111	113	4	118
Quebec	106	3	108	118	3	121
West Canada and territories	90	6	96	93	6	99
Total	322	14	347	355	14	370

Source:
Service Canada

Canada Post

Rural vs. Urban Service Levels

Canada Post does not currently have a common internal definition for “rural” and “urban” post office addresses. The definitions used (such as for post office locations and delivery standards/performance) depend on the context.

Post Office Location Coverage

For post office locations, Canada Post has indicated two definitions used internally depending on the context:

1. “Rural” referring to the list of post office locations prevented from closing under the 1994 Rural Moratorium⁶. However, due to increasing urbanization over time, some locations covered under the moratorium are no longer considered rural by Statistics Canada’s demographic definitions.
2. “Rural” referring to post offices outside of Census Metropolitan Areas (CMAs) or Census Agglomerations (CAs) defined by Statistics Canada. “Urban” refers to locations within CMAs and CAs.

In this report, the second definition is used when discussing data on post office coverage in rural and urban areas. Table 1 lists the number of post office locations in urban and rural areas compared to their populations. About 57 per cent of post offices are located in rural areas, corresponding to 16.1 per cent of Canada’s population.

Table 5

Number of Post Offices by Urban/Rural Classification

	Number of post offices	Percentage	Population (millions)	Percentage
Urban	2,499	42.6	31.0	83.9
Rural	3,361	57.4	6.0	16.1
Total	5,860	100	37.0	100

Source:
Canada Post

Canada Post’s Service Charter⁷ sets the following requirements for post office coverage across Canada:

- 98 per cent of consumers have a postal outlet within 15 kilometers of their home
- 88 per cent of consumers have a postal outlet within 5 kilometers of their home
- 78 per cent of consumers have a postal outlet within 2.5 kilometers of their home

Table 6 displays the percentage of urban versus rural Canadians living within these three distances of a post office as of January 2026. For the overall Canadian population, post office coverage meets all three standards set out by the Service Charter. However, there are divergences between urban and rural coverage. For example, 95 per cent of urban Canadians live within five kilometres to the nearest post office, compared to 63 per cent of rural Canadians.

Table 6

Population Living within 15, 5, and 2.5km to the Nearest Post Office

	Within 15 kilometres		Within 5 kilometres		Within 2.5 kilometres	
	Population (millions)	Percentage	Population (millions)	Percentage	Population (millions)	Percentage
Urban	30.9	99.6	29.6	95.1	26.4	85.1
Rural	5.5	93.0	3.8	63.0	2.5	42.1
Total	36.4	98.5	33.4	90.2	28.9	78.2

Source:
Canada Post

Delivery Standards and Performance

Canada Post's delivery standards are based on distance to processing facilities and are not explicitly defined by the same urban/rural classification in the previous section. Here is a brief overview of delivery standards for parcels⁸:

- **Major Urban Centres:** these are locations with a processing facility for mail and parcels. They have the fastest delivery standards: for example, a regular parcel can be delivered locally within 1 – 3 days and nationally within 4 – 10 days.
- **Non-Major Urban Centres:** these are locations without a processing facility. Delivery standards are somewhat longer: for example, a regular parcel can be delivered locally in 2 – 3 days and nationally within 4 – 13 days.
- **Northern Regions and Remote Centres:** these are locations far from processing facilities or that receive infrequent service. They have the longest delivery times: a regular parcel can be delivered in 6 – 9 days locally and 7 – 14 days nationally.

For lettermail, the delivery standards are uniform across Canada:

- Within a community: 2 business days or less
- Within a province: 3 business days or less
- Between provinces: 4 business days or less

While these geographic classifications differ from the rural/urban split in the previous section, Canada Post was able to classify urban and rural delivery for parcels by tracking the final delivery facility. However, lettermail could not be tracked by urban and rural

split. Table 7 displays the volume of parcels by urban and rural split, and the total volume of lettermail in 2025.

Table 7

Volume of Parcel and Letter Mail in 2025 (Millions)

	Urban	Rural	Total
Domestic parcel	81	39	120
Domestic lettermail			1,523

Source:
Canada Post

Table 8 displays the actual on-time delivery performance relative to the standards set out by the Service Charter. Similar to Table 7, only parcel delivery performance is available by urban/rural split. In general, the on-time performance for parcels is similar for urban and rural deliveries.

Table 8

On-time Delivery Performance in 2025 (Percentage)

	Urban	Rural
Domestic parcel	96.0	96.2
Commercial expedited parcel	96.3	96.2
Commercial Xpresspost parcel	95.5	95.1
Retail expedited parcel	96.3	97.0
Retail Xpresspost parcel	93.1	92.3
Domestic lettermail	83.1	

Source:
Canada Post

Service Cost

The Canada Post 2024 Annual Report⁹ contained some information on the cost of operating services in urban and rural areas. However, Canada Post was unable to provide more detailed cost data beyond what was published in the Annual Report when

requested under IR 0912. Table 9 reproduces the table on page 60 of the 2024 Annual Report summarizing annual average cost per address for different delivery methods, with an additional column displaying total annual cost of each delivery method. Rural addresses predominantly fall under significantly more expensive delivery methods such as rural mailboxes or door to door¹⁰.

Table 9

Addresses and Average Costs by Delivery Method, 2024

Delivery method	Number of addresses (millions)	Percentage of total addresses	Average annual cost per address (\$)	Total annual cost (\$ millions)
Door to door	4.2	24	279	1,170
Centralized point (e.g. apartment lobby lockbox)	5.0	28	125	622
Group/community mailbox	6.1	35	157	955
Delivery facility	1.7	9	61	101
Rural mailbox	0.7	4	271	191
All methods	17.6	100	173	3,046

Source:
Canada Post

Table 10 shows the breakdown of operating cost for Canada Post according to the 2024 Annual Report (page 107), based on major categories. Labour and employee benefits represent the largest source of expenses.

Table 10

Canada Post Operating Cost, 2024

	Cost (\$ millions)
Labour	3,712
Employee benefits	1,108
Non-labour collection, processing, and delivery	1,248
Property, facilities, and maintenance	271
Selling, administrative, and IT	495
Non-capital investment expense	224
Depreciation and amortization	371
Total	7,429

Source:
Canada Post

Notes

¹ Service Canada. (2025). [The State of Service 2025](#).

² While this analysis focuses on in-person service delivery, it is noted that many programs offered by Service Canada can now be accessed online. The accessibility of online services depends on the availability of reliable internet. According to [Canadian Radio-television and Telecommunications Commission \(2025\)](#), 96 per cent of Canadian households have access to broadband internet at 50/10Mbps, but the percentage for rural households is much lower, at 81 per cent. Innovation, Science and Economic Development (ISED) also publishes an [interactive dashboard](#) keeping track of current projects to expand internet coverage, with a goal of achieving 100 per cent coverage by 2030. In addition, some services can be accessed by phone. Phone calls are not directed to staff at specific Service Canada locations.

³ Office of the Parliamentary Budget Officer. (2026). [Information Request IR0914](#).

⁴ Office of the Parliamentary Budget Officer. (2026). [Information Request IR0912](#).

⁵ Census division data from Statistics Canada [Population counts, population centre size groups and rural areas](#).

⁶ The 1994 Rural Moratorium was imposed by the Government of Canada to prevent the closing of nearly 4,000 rural post office locations in order to preserve service levels in these areas. However, changing demographic conditions has made the list outdated. The Government [lifted the Moratorium in September 2025](#) and instructed Canada Post to create a modernized plan for its network.

⁷ Canada Post (2025). [Service Charter | 2024 Annual Report | Canada Post](#).

⁸ Canada Post. (2026). [Parcel Services shipping in Canada - Delivery standards | Canada Post](#).

⁹ Canada Post. (2025). [Canada Post Corporation 2024 Annual Report](#).

¹⁰ In September 2025, the Government of Canada also lifted the moratorium on conversions toward community mailboxes as part of Canada Post's structural reforms.

