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Contact: Patrick Bartlett
416-860-1097
Dr. Ian Lee
IanLee@Cunet.Carleton.ca

Industry Group Concerned for Future of Canada Post in Light of Massive Postage Rate Increase Proposal

Releases Report Calling for Strategic and Balanced Reforms Touching All Stakeholders

Ottawa -- Just weeks after Canada Post proposed an unprecedented 25 cents per piece rate increase, the National Association of Major Mail Users (NAMMU) has released a report by a leading postal policy expert warning Canada Post's proposed price hikes will lead to unrecoverable job losses and damage to small businesses by unnecessarily accelerating the loss of letter mail volume in Canada. If allowed to take effect, the rate increase will amount to a 64% price jump on high-volume business mailers since 2014 and a 44% increase on household mailers.

"Canada Post simply cannot and should not try to price its way out of their crisis," said Patrick Bartlett, Executive Director of NAMMU. "Chasing higher volume mailers out of the network is not the solution. To avoid accelerating the decline of mail volume, Canada Post needs to embark on a long overdue package of reforms that includes cost-cutting and service changes and must deploy a pricing strategy that is predictable, stable, and affordable. The recent pricing action will expedite the digital transformation of its best clients and will make each remaining piece of mail more expensive for Canada Post to deliver."

The NAMMU report by Dr. Ian Lee, a postal expert and professor at Carleton University, outlines the significant hurdles faced by the crown corporation and calls on policymakers in Ottawa to step in quickly to protect Canada Post for future generations.

"Mail volume has declined with the advent of the Internet," noted Dr. Lee. "Canada Post has simply failed to right-size its operations and is now looking to impose substantial price increases without taking any of the cost-cutting steps essential to their survival. Viable options are available, but they will require compromise from all stakeholders."

NAMMU commissioned Prof. Lee to explore policy options facing the Post. His report, *Canada Post: The Tipping Point Has Arrived*, proposes seven recommendations that would help Canada Post reduce costs, increase revenues, and prepare for the future without unnecessarily accelerating the decline of the mail and package volume that is essential to allow Canada Post to serve urban, suburban, and rural Canadians for decades to come.

Dr Lee's recommendations include:

- Moderate increases in the price of postage that include incentives to retain volume from the highest volume mailers.
- Incorporate dynamic route scheduling.
- Replace door-to-door delivery with more cost-effective options.
- Franchise all 3,600 corporate retail outlets, ensuring service while removing unnecessary costs.
- Maintain and invest in Smartmail Marketing (direct mail).
- Develop partnerships with private couriers to leverage Canada Post's unequalled last mile network.
- Terminate diversification into non-core markets.

"Canada Post needs a combination of new revenue and substantial cost controls," said Dr. Lee. "Without it, Canada Post will go the way of Blockbuster Video."

NAMMU noted that the mailing industry, while substantially smaller than it was two decades ago, still retains an outsized impact on the Canadian economy. The mailing and package industry's more than 750,000 jobs represent \$100 billion worth of economic activity or about 5% of Canada's GDP.

"Canada Post has tried to downplay the impact of this rate increase on small business," said Bartlett. "Not all companies use the mail, but for those companies that exist because of the mail, this rate increase will be catastrophic and will cost Canadian jobs that will never come back."

NAMMU called on consumers and small, medium and large businesses who rely on a healthy Post to contact their elected officials and to submit comments on the recently proposed rate increase by October 7, 2024, at: <https://www.gazette.gc.ca/rp-pr/p1/2024/2024-09-07/html/reg1-eng.html>.

Dr. Lee's full report is available at NAMMU.ca.