

# Intelligence MEMOS



From: Erik De Lorenzi  
To: Postal Observers  
Date: June 18, 2025  
Re: **A WAY FORWARD: CANADA POST DEREGULATION AND COMMERCIALIZATION (II)**

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Yesterday, we [outlined](#) the sorry history that has led to Canada Post's major financial – \$4 billion and counting – and operational strain.

To better serve consumers and improve the effectiveness of federal spending, the federal government should take steps to eliminate its statutory monopoly and move towards greater commercialization and competition in the postal market.

It is increasingly difficult to argue that Canada Post should retain its monopoly on letter mail. It is no longer a natural monopoly as it once was, and economic [analyses](#) strongly suggest competition could enhance efficiency without impairing universal delivery and price.

Privatization offers fewer benefits than it did when it was last considered during Stephen Harper's first minority government. Canada Post's implied equity value has plummeted due to \$4 billion in cumulative annual losses since 2018. Privatizing Canada Post today would yield limited proceeds, especially without accompanying reforms to allow a private operator to increase profitability. Moreover, privatizing Canada Post without first deregulating the postal market is unlikely to enhance economic welfare.

A private regulated monopoly would necessarily be less efficient than its public alternative. Lastly, while privatization would make Canada Post more efficient, it would fail to address the structural problems embedded by the *Canada Post Corporation Act* and the 2009 Canadian Postal Service Charter.

Instead, the federal government should focus, at least initially, on improving Canada Post governance and liberalizing Canada's postal market.

Commercialization, for example, could include deregulating the postal market through eliminating its letter monopoly under Section 14 and relieving Canada Post of its universal service obligations. Transitioning towards market-based competition would also require amending the 2009 Service Charter to permit prices to freely float. The EU adopted both changes in 2013 in its decision to end postal monopolies across the continent. These changes would pressure Canada Post to end its cross-subsidization practices, drive down urban delivery prices, and increase transparency into the costs of rural servicing, creating stronger incentives for management to control costs.

#### Recommendations:

- Eliminate Canada Post's exclusive privilege and create a competitively neutral subsidy program to maintain universal service for higher cost regions. The government would solicit competitive bids to service specific high-cost areas for a defined term. The winning bid would be the one requiring the lowest government subsidy, and residents would face no direct costs, addressing any political concerns. Two thirds of developed nations use some form of subsidy model to preserve universal postal service. Canadian precedent exists: Under the CPCA, the government directly compensates Canada Post to provide free postal services to parliamentarians, the blind, and for Canadian periodicals. These transfers should be expanded to include those specifically for rural and remote communities.
- Establish a Canadian postal regulator to ensure fair competition and oversight. We are the only major western economy lacking an independent postal regulator. A postal regulator would separate ownership from regulation, addressing a clear conflict of interest from having a cabinet minister set both service targets and financial benchmarks as is now the case. As well, Canada Post governance should be restructured to specify that CPC's complaints-focused ombudsperson no longer report to the board of directors, but to either the regulator or the minister. If the statutory monopoly is preserved, this regulator should be given expansive ratemaking powers and the power to order disclosure of Canada Post's cost analyses. Sector-specific expertise would be a welcome improvement from comparatively limited ministerial oversight. Within a deregulated and fragmented postal market, a regulator would also be well-positioned to ensure a level playing field through monitoring competitors' compliance with an updated statutory framework and to assume a similar role to the CRTC in administering the proposed subsidy program.

Allow Canada Post to operate in this new competitive market.

The future of Canada Post hinges on its ability to adapt to consumer preferences, technological changes and market demands via comprehensive reform. Labour strife just adds to the current list of issues. These reforms would modernize the postal service while preserving essential services for all Canadians.

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