Canada Post segment reports $490-million loss for 2021

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Revenue for the Canada Post segment increased by $407 million, or 6.31 per cent, in 2021 compared to the prior year. Compared to 2020, Parcels revenue grew as the Corporation managed Parcels volumes to maximize available capacity and improve service. Transaction Mail revenue increased slightly, benefitting from the 2021 federal election and census mailings, while Direct Marketing revenue and volumes started to recover toward pre-pandemic levels. Year-over-year comparisons are affected by COVID-19, which had different impacts on the lines of business in 2020: Direct Marketing and Transaction Mail volumes declined substantially, while Parcels volumes increased significantly to an unsustainable level, constrained by available capacity.

Cost of operations increased by $127 million, or 2.0 per cent, in 2021 compared to the prior year. Cost increases were largely driven by higher labour costs and a rise in non-labour collection, processing and delivery costs. The Corporation also invested in operational capacity to support ecommerce growth and modernize its retail network.

Canada Post has a long-standing mandate to maintain financial self-sustainability, while serving all Canadians. The pandemic has accelerated online shopping in Canada, rapidly changing the needs of Canadians and the importance they place on their postal service. With sustained and elevated demand for parcel delivery in all parts of the country, the Corporation is responding by investing to expand capacity, improve service and innovate its operations. Financial self-sustainability remains the Corporation’s medium- to long-term goal, while the immediate focus must be on the critical investments and improvements needed to meet the changing needs of Canadians and support businesses of all sizes.

Parcels

In 2021, Parcels revenue increased by $238 million, or 7.4 per cent, while volumes fell by 28 million pieces, or 7.0 per cent, compared to the prior year, when volumes had surged. The reopening of stores for in-person shopping also had an impact on Domestic Parcels volumes in the second half of 2021. While volumes declined from 2020, the Canada Post segment proactively managed available capacity and its mix of commercial customers and products, which positively affected revenue. Inbound Parcels revenue and volumes declined, in part due to limited air transportation capacity and global supply chain issues.

Transaction Mail

Transaction Mail revenue grew by $10 million, or 0.8 per cent, as volumes fell by 62 million pieces, or 2.0 per cent, compared to the previous year. The 2021 revenue growth was atypical partly due to federal election and census mailings in 2021. Transaction Mail continues to erode as consumers and mailers migrate to digital alternatives. Due to COVID-19, the Corporation maintained regulated stamp prices at 2020 levels through 2021.

Direct Marketing

Direct Marketing partially recovered in 2021, following significant declines in Canada Post Personalized Mail™ and Canada Post Neighbourhood Mail™ results in the prior year, when customers had postponed or cancelled marketing campaigns due to COVID-19. In 2021, Direct Marketing revenue grew by $113 million, or 14.4 per cent, as volumes increased by 595 million pieces, or 18.4 per cent, compared to the prior year. While some retailers experienced global supply chain issues in the second half of 2021, Personalized MailTM and Neighbourhood MailTM revenue and volumes began to recover in 2021 with the gradual return to in-person shopping.

Group of Companies

The Canada Post Group of Companies2 recorded a loss before tax of $246 million in 2021, a 60.7 per cent improvement from the $626-million loss before tax a year earlier. Purolator's profit before tax of $269 million increased by $93 million, or 53.2 per cent, from $176 million in 2020. SCI's 2021 profit before tax of $24 million increased 17.6 per cent from $20 million in 2020. The Canada Post segment would have reported a loss, regardless of COVIDâ€‘19, due to declining mail volumes as customers shift to digital alternatives, and recurring structural costs.

Source: Canada Post