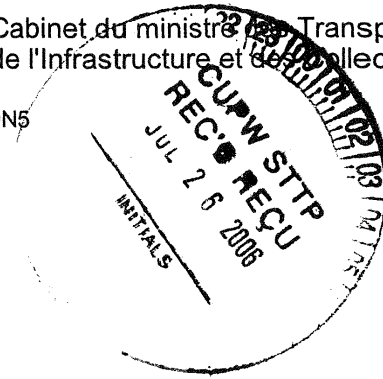


Office of the Minister of Transport,
Infrastructure and Communities



Cabinet du ministre des Transports,
de l'Infrastructure et des Collectivités

Ottawa, Canada K1A 0N5



JUL 25 2006

Ms. Deborah Bourque
National President
Canadian Union of Postal Workers
377 Bank Street
Ottawa ON K2P 1Y3

Dear Ms. Bourque:

Thank you for your correspondence addressed to the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, regarding Canada Post. Minister Cannon has also received copies of your correspondence to the Right Honourable Stephen Harper, Prime Minister, and to various Members of Parliament. The Minister has asked me to respond on his behalf, and I apologize for the delay.

Upon his election as Prime Minister, the Right Honourable Stephen Harper issued Ministry and Crown Corporations Guidelines to assist Ministers in fulfilling their duties while preserving the managerial autonomy of Crown corporations within their portfolio. Specifically, Ministers do not become involved in the day-to-day operations of a Crown corporation. Therefore, Minister Cannon's role as the Minister responsible for Canada Post Corporation is to determine the broad policy direction of the corporation. Canada Post's day-to-day operations are conducted at arm's length from the federal government and the Minister cannot intervene.

In response to your concern about rural postal service, please note that this government and Canada Post are committed to maintaining the moratorium on the closure of rural post offices. Occasionally, unforeseen events affecting the operation of a post office do unfortunately arise, such as retirement, illness, death, fire, termination of a lease or a property sale. Under these circumstances, Canada Post consults with the affected communities to canvass the available options to meet their ongoing postal needs. Canada Post's first priority is always to ensure that local mail delivery is maintained without interruption. The Minister is advised of the results of all community consultations and the arrangements that have been made for continuing postal service to the community.

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Canada

With respect to the transfer of mail processing activities from Québec City to Montreal, as Minister Cannon mentioned in the House of Commons on June 12, 2006, this issue has been reviewed in depth by the Members and Ministers from the Québec City Region and they are satisfied with their findings. Canada Post has assured these Members and Minister Cannon that no full- or part-time permanent employees will have lost their jobs when the transfer is complete in 2007. Furthermore, Canada Post will continue to invest in the Québec City community by remaining one of its largest employers. Canada Post is also taking all the necessary steps to ensure it maintains its service performance standards and continues to meet its service commitments.

I am advised that many documents on this matter were provided to you by Canada Post, and documents on Québec City's service performance were made available during the national consultation and other means. The Canadian Union of Postal Workers also has access to specific information through established channels. Given this situation, and the fact that the issue of Canada Post's national network review has been addressed with you previously by Ms. Moya Greene, President, and Ms. Mary Traversy, Senior Vice-President of Employee Engagement, I encourage you to direct any further enquiries you have on these matters to Canada Post.

I have also noted your comments about Canada Post's exclusive privilege for the delivery of letters. Parliament granted this exclusive privilege to ensure that Canada Post could provide Canadians, no matter where they lived, with equal access to national and international postal services at universal postal rates.

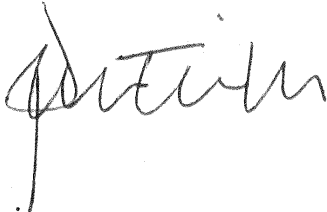
I am advised that Canada Post has sought to uphold the *Canada Post Corporation Act* through education and awareness. Where this has not worked with respect to its exclusive privilege, Canada Post has sought compliance through the courts to protect it from the activities of international remailing companies on the grounds that they are acting directly or indirectly in Canada in contravention of the *Canada Post Corporation Act*. Canada Post's position was upheld by the Ontario Court of Appeal. The Supreme Court of Canada dismissed the remailing companies' application for leave to appeal the Ontario Court's decision, and, as such, the decision of the Ontario Court of Appeal is the final determination of the case. The activities of international remailers cost Canada Post millions of dollars each year and erodes the Corporation's ability to maintain a healthy national postal service and provide universal service to all Canadians.

Regarding the Canada Post policy and financial framework, I understand that when the framework was established in 1998, it was expected that it would be reviewed in five to seven years. While I cannot comment on the actions of the previous government, I can tell you that there is no review underway at this time.

In light of the foregoing, I do not believe a meeting with the Minister is warranted at this time. Be assured, however, that the issues you have raised have been noted.

Again, thank you for writing.

Yours truly,

A handwritten signature in black ink, appearing to read "P. Terrien". The signature is fluid and cursive, with a long vertical line extending downwards from the end of the signature.

Paul Terrien
Chief of Staff

c.c. Office of the Right Honourable Stephen Harper, P.C., M.P.
Office of the Honourable David Emerson, P.C., M.P.
Office of the Honourable Michael Fortier, P.C.
Office of the Honourable Josée Verner, P.C., M.P.