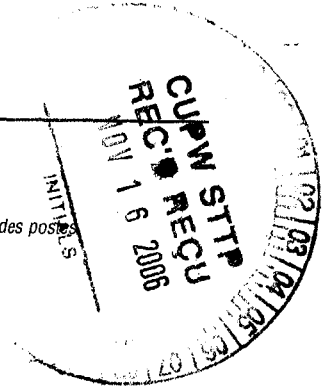




**Moya Greene**  
President and  
Chief Executive Officer  
Canada Post Corporation

Présidente –  
directrice générale  
Société canadienne des postes



OCT 25 2006

MR. PAUL DEWAR, M.P.  
HOUSE OF COMMONS  
111 WELLINGTON ST  
OTTAWA ON K1A 0A6

Dear Mr. Dewar:

Thank you for your letter regarding my appearances before the Standing Committee on Government Operations and Estimates and the Standing Committee on Transport, Communication and Infrastructure.

Deregulation or liberalization of the lettermail market remains an important issue of strategic concern for all postal administrations around the world, including Canada Post. We are mindful of developments outside of Canada of postal business liberalization. For example, member countries of the European Union are contemplating full liberalization of its postal market in 2009. As of this year, Royal Mail of the United Kingdom no longer holds a monopoly privilege for letters and faces aggressive competition in the business mail sector.

Currently, under Section 14 of the *Canada Post Corporation Act*, Canada Post has the sole and exclusive privilege of collecting, transmitting and delivering letters in Canada. However, this portion of Canada Post's business has declined over the years and now makes up roughly half of the company's revenue.

Over the past 20 years, technological change has drastically affected the postal market, rendering the traditional postal model somewhat obsolete. Low-priced telephone rates, the proliferation of the Internet, high-speed broadband, and the growth of wireless communications have contributed to a slow but steady erosion of letter mail, the mainstay product of all postal operators. While legislative provisions for the exclusive privilege continue to offer Canada Post some protection in the traditional letter market, non-paper-based communication developments have, in effect, already liberalized much of this market. Today, 46 percent of Canadians use the Internet or telephone to conduct their banking and bill-payment, a market that, until recently, was traditionally transacted by sending a cheque in the mail.

Canada Post believes that it can no longer rely solely on the legislative protection, afforded under the *Act* since 1981, as a means to ensure affordable universal postal services to Canadians. As such, we continue to develop competitive products and services to address the evolving needs of Canadian consumers and business in the face of technology developments in communication, changing demographics and other factors. At the same time, we look for opportunities to generate revenues in other competitive areas and to provide the services we offer in a more efficient way. I have shared these views with the Government and other stakeholders.

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As I have said before the *Standing Committee on Government Operations*, it is up to the shareholder and Parliament to decide what, if any, changes it wishes to make to the regulatory framework of the postal business in Canada.

I would be very pleased to meet with you to further discuss this matter. I will have my executive assistant, Ms. Vicki Cook, contact your office shortly to arrange a meeting at a time convenient to both of us. Should your assistant require further information in the interim, Ms. Cook may be reached at (613) 734-8440.

Again, thank you for writing. I look forward to meeting with you shortly.

Yours sincerely,



Moya Greene  
President and Chief Executive Officer