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OVERVIEW

Canada Post consults regularly with mailers to better understand their needs and ensure they understand Canada Post's requirements. Most Customers consistently meet mailing requirements and are rarely faced with the option of either having to rework their mailing to ensure it meets specifications, or subjecting their *Order (Statement of Mailing)* to adjustments or reclassification to other services at higher prices. We understand that mailing anomalies do sometimes occur within normal production cycles and that feedback to the mailer is important to prevent future mailing issues.

Based on Customer feedback, Canada Post has developed a framework for the application of mailing anomaly surcharges that is fair and consistently applied across the Direct Marketing and Transaction Mail services.

NOTE: This document addresses the application of mailing anomaly surcharges and adjustments.

ADJUSTMENTS

Adjustments will continue to apply in situations where inaccuracies are noted on an *Order (Statement of Mailing)* or during processing such as*:

- errors in volume, weight, or service type selected
- manual *Order (Statement of Mailing)* is used (\$5.00 processing fee)
- failure to use the Electronic Shipping Tools (EST) software when mandatory for the declared service, or
- Address Accuracy or Machineable Mail requirements are not met.

* This list is not exhaustive.

Address Accuracy Requirements

If the percentage on the Statement of Accuracy (SOA) produced by Canada Post-recognized software is less than 95%, an adjustment will be applied to the mailing at the time the *Order (Statement of Mailing)* is completed.

Adjustments are calculated as follows:

Table 1: Service and Calculation

SERVICE	CALCULATION
Addressed Admail and Publications Mail	Volume of Mail x (95% minus Customer's Actual Address Accuracy %) x \$0.05 = Total Adjustment
Incentive Lettermail	Volume of Mail x (95% minus Customer's Actual Address Accuracy %) x Maximum* \$0.05 = Total Adjustment

* Adjustment rate, when added to the incentive price, cannot exceed current Lettermail full price.

NOTE: Failure to record the Address Accuracy percentage and Expiry Date on the *Order (Statement of Mailing)* will result in the application of an adjustment to the cost of the mailing using the National Average Address Accuracy percentage of 56%.

Machineable Mail Requirements

The tables below outline the required machineable mail readability rates and applicable price adjustments for the following services:

Table 2: Incentive Lettermail - Machineable Mail (MM)

IF THE ACTUAL READABILITY RATE (AS MEASURED BY OUR AUTOMATED EQUIPMENT) IS:	THEN THE PRICE ADJUSTMENT IS:
greater than 95% for Standard and greater than 85% for Oversize (O/S)	no price adjustment
greater than 80% but less than 95% for Standard	the full price for the appropriate weight step applies to the % of the total volume represented by the difference between 95% and the actual readability rate*
greater than 70% but less than 85% for Oversize (O/S)	the full price for the appropriate weight step applies to the % of the total volume represented by the difference between 85% and the actual readability rate
less than 80% for Standard and less than 70% for Oversize (O/S)	the full price for the appropriate weight step will apply to the entire volume of the mailing

* Example: 1,000 Standard items with actual readability rate of 81% = $(95-81)\% \times 1,000 \text{ items} \times \text{Lettermail price} = 14\% \times 1,000 \text{ items} \times \text{Lettermail price} = 140 \text{ items} \times \text{Lettermail price}$

Table 3: Addressed Admail - Machineable Mail (MM) and Machineable Presort (MP) and Publications Mail - Machineable Mail (MM)

IF THE ACTUAL READABILITY RATE (AS MEASURED BY OUR AUTOMATED EQUIPMENT) IS:	THEN THE PRICE ADJUSTMENT IS:
greater than 95% for Short and Long (S/L) and greater than 85% for Oversize (O/S)	no price adjustment
less than 95% for Short and Long (S/L) and less than 85% for Oversize (O/S)	10¢ per piece price adjustment applied to the % of the total volume represented by the difference between the target readability rate % and the actual readability rate*

* Example: 1,000 Oversize (O/S) items with actual readability rate of 60% = $(85-60)\% \times 1,000 \text{ items} \times 10¢ \text{ per item} = \25.00

NOTE: To reduce the risk of price adjustments, it is recommended to use Canada Post's free evaluation service to test the machineability/readability of the mail pieces. For details, see "Machine Readability Requirements and Evaluation of Samples" section of the *Customer Guide* at canadapost.ca/customerguides.

SURCHARGES

Consistently well-prepared mailings are important to ensure that everyone's mailing receives the optimum level of service and to keep postal costs down by preventing additional handling. Understanding why a mailing is non-compliant is equally important.

As per the General Terms and Conditions - section 5.3, items presented for mailing to Canada Post may be verified to determine compliance with applicable terms and conditions. Items determined not to be compliant may, at the discretion of Canada Post, be:

- returned at the Customer's expense, to be made compliant by the Customer, where possible
- processed and charged at the next or most appropriate Product or Service category, where available
- surcharged at the applicable level or
- refused for mailing.

The surcharge structure applies to the following services:

- Addressed Admail™ (including Dimensional Addressed Admail)
- Incentive Lettermail™
- Business Reply Mail™ (Domestic and International)
- Publications Mail™

If mailings presented to Canada Post are found to be non-compliant and are subject to a surcharge, either a 5¢ or 10¢ surcharge per item will be applied depending on the issue. In the case of multiple mailing anomalies, only one surcharge (the higher) will be applied.

An invoice will be sent to Customers regarding any applicable adjustments and surcharges along with a description of the non-compliance issue. If other areas of non-compliance were identified, up to four additional non-compliance matters will be indicated on the invoice to enable the Customer to take corrective actions and reduce the risk of future surcharges. The Customer will continue to be contacted when mailing anomalies greater than \$100.00 are identified.

Surcharges are applied to each non-compliant service category based on the “actual” versus “declared” volumes indicated on the *Order (Statement of Mailing)* and are billed to the “paid by” account as per the original *Order (Statement of Mailing)*.

Refer to the applicable *Mail Preparation and Presortation Guide* at canadapost.ca/mailpreparation for complete details.

Surcharge Structure/Descriptions

Due to the limited space on the invoice, surcharge details are abbreviated. The following tables identify:

- the amount of the surcharge
- the abbreviated description of the anomaly (as it will appear on the invoice) linked to further online information; and
- quick reference description details.

Table 4: 5¢ Non-compliance Surcharge per Item

INVOICE DESCRIPTION (ALPHABETICAL ORDER)	DESCRIPTION DETAILS
Address elements/format issues	Address elements or Address format had elements that did not meet the addressing requirements
Audit code issues	Audit code did not meet standard for formatting and location or is outdated
Basic ID missing/misplaced	Basic Identification information is missing or misplaced in Publications Mail item
Bundle labelling issues	Bundles have been incorrectly labelled
Bundle separation issues	The method used for separating the bundles is not as per the specifications
Bundle thickness issues	The bundle thickness is not as per the specifications
Container fill not met	Container(s) not filled as per the specifications
Container issues	Approved container was not used and/or was not properly sealed, secured or wrapped
Container labels missing	Container labels are missing on one or more container
Container weight not met	The weight of the container exceeded the weight allowed
DMC is not visible	Delivery Mode Code is not visible
Detailed ID missing/misplaced	Publications Mail Detailed Identifying Information (Agreement number and return address) is missing or misplaced
Enclosure non-compliance	Publications Mail enclosures or inserts do not meet the specifications
ID info missing on BUC	Detailed Identifying Information is missing on the Bundles of Unaddressed Copies (BUC) of Publications Mail
Label missing barcode	Container labels for Addressed Admail and Publications Mail are missing a barcode
Mailing Plan missing	The Presort Mailing Plan Import Program for Addressed Admail or Publications Mail is not used
Mail pieces improperly faced	All mail within a container is not faced in the same direction
Min pieces per bundle not met	Requirement for the minimum number of pieces per bundle is not met
Plastic wrapper issues	Wrapper exceeds contents by more than allowable as per specifications
Strapping issues	Strapping used to secure the bundles is non-compliant

NOTE: The classification and amount of surcharge can be subject to change at any time immediately upon notice to the Customer.

Table 5: 10¢ Non-compliance Surcharge per Item

INVOICE DESCRIPTION (ALPHABETICAL ORDER)	DESCRIPTION DETAILS
Address template issues	Address is not in the Address zone as indicated on machineable mail template
Address labels not secured	Labels used for address are not secured to the mail piece
Address slips from window	Content has slipped within the window of the envelope making the address not possible to read
Brick-piling issues	Brick-piling specifications have not been met
Bundle sequencing issues	Bundles have been incorrectly sequenced within a container
Clear zone around add block	Clear zone around the address block has been compromised
Clear zone -19mm not met	19 mm clear zone at bottom of envelope has been compromised
Container labels incorrect	Container labels used do not match the content of the container
Content moves within envelope	Content has slipped within the envelope
Envelope window issues	Window of the envelope does not meet specification
Flexibility issues	Mail does not meet flexibility specifications
Flexural strength issues	Flexural strength of the mail piece does not meet specification
Ink absorption issues	The envelope paper does not meet the specifications and is unable to absorb ink
Mail separation non-compliance	Mail separation specifications not met
Mail sequencing issues	Mail sequencing specifications not met
Notation missing on BUC	"Publications Mail Bundle to this Address" notation is missing on Bundles of Unaddressed Copies (BUC)
Pallet size/wrap issues	Issues with the pallet size or pallet wrapping
Pieces improperly sealed	Mail pieces are not properly or fully sealed
Pieces sticking together	Mail pieces are sticking together
Product shape non-compliance	Shape of the mail piece does not meet specification
Wrapper blocks address	The wrapper sealing line blocks the address

NOTE: The classification and amount of surcharge can be subject to change at any time immediately upon notice to the Customer.