

# Canadian Postal Service Charter

On September 12, 2009, the Government of Canada announced the creation of the *Canadian Postal Service Charter* that outlined the Government's expectations concerning the service provided by Canada Post.

The new *Canadian Postal Service Charter* (the "Service Charter") covers issues such as our universal service obligation, postage rates, delivery expectations, access to postal services, security of the mail, outreach and consultation, and complaint-resolution procedures.

The *Service Charter* does not modify Canada Post's obligations as set out in the *Canada Post Corporation Act* or any other legislation.

Canada Post's compliance to the *Service Charter* since its introduction up to December 31, 2009, is summarized below. This is Canada Post's first report on the *Service Charter*.

## Universal service

Canada Post delivered more than 11 billion pieces of mail, parcels and messages in 2009 to some 15 million addresses in urban, rural and remote locations across Canada. In addition, Canada Post, through its Universal Postal Union alliance of 191 member countries around the world, provided inbound and outbound international postal services. Service to rural areas encompassed a substantial share of Canada Post's network and infrastructure, and included:

- Over 3,800 rural corporate or dealer post offices representing more than 58 per cent of all Canada Post retail outlets;
- More than 7,000 Rural and Suburban Mail Carrier routes.

## Affordable rates

Canada Post provided uniform postage rates for letters of similar size and weight, regardless of delivery distance or destination in Canada. For 2009, the company applied uniform rates of postage to the following categories of letters:

Category	Postage rate	Effective date
Standard (envelopes, cards, self-mailers) 0 to 30 g	\$0.54	Jan. 12, 2009
30 to 50 g	\$0.98	Feb. 23, 2009
Medium (envelopes, cards, self-mailers) 0 to 50 g	\$1.08	May 15, 2009
Other Lettermail (non-standard and oversize) 0 to 100 g	\$1.18	Feb. 23, 2009
100 to 200 g	\$1.96	Feb. 23, 2009
200 to 500 g	\$2.75	Feb. 23, 2009

Canada's basic letter rate compared favourably with other major industrialized countries with similar density, climate and population, as shown in the chart below.



(Rates as at July 1, 2009; Canadian \$ equivalent; average exchange rate for 2009)

As a means to provide universal service to all Canadians, Canada Post has an exclusive privilege to provide for the collection, processing and delivery of letters within Canada up to 500 grams. The Annual Cost Study provides costing data that serves as the basis for ensuring that Canada Post is not competing unfairly by cross-subsidizing its competitive services with revenues from exclusive privilege services. The results of the 2009 Annual Cost Study are outlined on page 100.

Price changes for regulated Lettermail products require formal public filings for review and approval by the Government of Canada. Canada Post periodically meets with key customers and large-volume mail users to consult on rate changes. On June 26, 2009, Canada Post published in the *Canada Gazette* a regulatory proposal to increase the domestic basic letter rate and other regulated postage rates starting January 11, 2010. This was accompanied by a news release. It also generated significant media coverage. Following these notifications, the Canadian public was invited to raise any concerns regarding the proposals with the Minister responsible for Canada Post. In total, there were three representations from customers (representing major mailers) regarding the proposed changes. The representations were taken into consideration in the preparation of the final regulatory proposal approved by the Corporation's Board of Directors. The Government granted final approval for the proposed rates on October 8, 2009.

# Canadian Postal Service Charter

## Preamble

The Canada Post Corporation was created to provide a standard of postal service that meets the needs of the people of Canada. The Government of Canada is committed to ensuring transparency in how Canada Post provides quality postal services to all Canadians, rural and urban, individuals and businesses, in a secure and financially self-sustaining manner.

The Government has therefore established the *Canadian Postal Service Charter* to describe its expectations regarding Canada Post's service standards and related activities in providing postal services that meet the needs of consumers of postal services in Canada. These expectations are not intended to modify or derogate from Canada Post's obligations as set out in the *Canada Post Corporation Act* or any other legislation.

## Universal service

1. Canada Post will maintain a postal system that allows individuals and businesses in Canada to send and receive mail within Canada and between Canada and elsewhere. Canada Post will provide a service for the collection, transmission and delivery of letters, parcels and publications.
2. The provision of postal services to rural regions of the country is an integral part of Canada Post's universal service.

## Affordable rates

3. Canada Post will charge uniform postage rates for letters of similar size and weight, so that letters to Canadian addresses will require the same postage, regardless of the distance to reach the recipient.
4. As required by the *Canada Post Corporation Act*, Canada Post will charge postage rates that are fair and reasonable and, together with other revenues, are sufficient to cover the costs incurred in its operations.
5. Canada Post will provide advance notice of and publicly advertise proposed pricing changes for regulated letter mail products and consult with consumers during the rate-setting process.

## Frequent and reliable delivery

6. Canada Post will deliver letters, parcels and publications five days a week (except for statutory holidays) to every Canadian address, except in remote areas where less frequent service may be necessary due to limited access to the community.
7. Canada Post will deliver to every address in Canada. This may be delivery to the door, a community mailbox, a group mailbox, a rural mailbox, a postal box, general delivery at the post office or delivery to a central point in apartment/office buildings.
8. Canada Post will deliver Lettermail:
  - Within a community within two business days;
  - Within a province within three business days; and
  - Between provinces within four business days.

## Convenient access to postal services

9. Canada Post will provide an extensive network for accessing postal services that includes retail postal outlets, stamp shops and street letterboxes, as well as access to information and customer service through Canada Post's website and call centres.

10. Canada Post will provide retail postal outlets, including both corporate post offices and private dealer-operated outlets which are conveniently located and operated, so that:
  - 98 per cent of consumers will have a postal outlet within 15 km;
  - 88 per cent of consumers will have a postal outlet within 5 km; and
  - 78 per cent of consumers will have a postal outlet within 2.5 km.
11. The moratorium on the closure of rural post offices is maintained. Situations affecting Canada Post personnel (e.g., retirement, illness, death, etc.) or Canada Post infrastructure (e.g., fire or termination of lease, etc.) may, nevertheless, affect the ongoing operation of a post office.

## Secure delivery

12. Canada Post will take into consideration the security and privacy of the mail in every aspect of mail collection, transmission and delivery.

## Community outreach and consultation

13. Where Canada Post plans to change delivery methods, Canada Post will communicate, either in person or in writing, with affected customers and communities at least one month in advance to explain decisions and explore options that address customer concerns.
14. At least one month before deciding to permanently close, move or amalgamate corporate post offices, Canada Post will meet with affected customers and communities to jointly explore options and find practical solutions that address customer concerns.
15. Each year, Canada Post will hold an Annual Public Meeting open to the public to provide an opportunity for the public to express views, ask questions and provide feedback to Canada Post.

## Responding to complaints

16. Canada Post will establish and promulgate complaint resolution processes that are easily accessible to customers and will address complaints in a fair, respectful and timely manner.
17. The Canada Post Ombudsman will investigate complaints about compliance with the *Canadian Postal Service Charter* in situations where customers remain unsatisfied after they have exhausted Canada Post's complaint resolution processes.

## Reporting on performance

18. Each year in its annual report, Canada Post will report on its performance against each of the expectations in this *Canadian Postal Service Charter*.
19. In addition, Canada Post will present an overview of the delivery methods it uses in its annual report, indicating the number of addresses served with each delivery method and the financial costs associated with each method of delivery.

## Reviewing the Charter

20. The Government will review the *Canadian Postal Service Charter* every five years after its adoption to assess the need to adapt the Charter to changing requirements.

# Reporting on the Service Charter

Continued

## Frequent and reliable delivery

Canada Post provided frequent and reliable delivery to all Canadians, regardless of where they lived. Given the demographics and geography of Canada, serving some communities may be challenging because of distances or natural limitations to access.

Approximately 88 per cent of Canadian households received postal delivery services to their residence, apartment building, immediate neighbourhood or rural roadside postal box via an external delivery agent such as a Letter Carrier or Rural and Suburban Mail Carrier. More than 99.9 per cent of such households received scheduled delivery five business days per week, subject only to unforeseen and temporary day-to-day exceptions.

About 12 per cent of Canadian households (usually located in smaller rural communities) obtained their mail at a local post office or through postal boxes located in conveniently accessible lobbies of community post offices.

Canada Post uses an independent third party to measure the delivery performance of its Lettermail service. For 2009, Canada Post's on-time performance for Lettermail delivery was 96.4 per cent.

## Convenient access to postal services

Canada Post provides Canadians with an extensive network for accessing postal services in rural and urban Canada as well as through its website and customer service telephone contact centres.

In 2009, Canada Post had:

- 6,532 post offices;
- 17,000 retail locations throughout Canada, in addition to post offices, where postage stamps can be purchased;
- Approximately 200,000 collection points throughout Canada where postal items can be deposited (not including the approximately 800,000 rural mailboxes, which are also collection points).

Based on Canada Post's retail outlet network at December 31, 2009:

- 98.8 per cent of the Canadian population lived within 15 km of a post office;
- 90.3 per cent lived within 5 km;
- 78.8 per cent lived within 2.5 km.

The moratorium on the closure of rural post offices was reaffirmed by the Government of Canada in 2009. As noted in the *Service Charter*, certain unforeseen situations affecting Canada Post personnel or infrastructure may affect the ongoing operations of a post office. When unforeseen situations that affect service arise in rural communities, Canada Post ensures that mail delivery continues and meets with community leaders to explore options that address their postal needs.

From the introduction of the *Service Charter* on September 12 to December 31, 2009, there were 23 cases affecting Canada Post personnel or infrastructure that had an impact on post offices covered by the rural moratorium. Eighteen cases were resolved directly by Canada Post through staffing actions. In the remaining cases, after consultation with the affected communities and community leaders:

- Two cases were resolved through staffing of the postmaster position.
- Three cases were resolved through provision of retail services at a nearby town while maintaining delivery services in the existing community.

## Secure delivery

Canada Post has developed its information-handling and privacy-protection practices according to the requirements of the federal *Privacy Act* and in acknowledgement of the 10 Fair Information Practices for the protection of personal information outlined in federal and provincial privacy laws. Each year, Canada Post submits a report on its privacy practices to the federal government.

While Canada Post is committed to resolving all complaints related to privacy, confidentiality or our information-handling practices, if an individual feels his or her privacy rights have been breached, he or she may contact the Canada Post Privacy Coordinator by email at [privacy@canadapost.ca](mailto:privacy@canadapost.ca) or by mail at 2701 Riverside Dr., Suite N0165, Ottawa ON K1A 0B1.

Canada Post's Security and Investigation Services' employees are given special authority and responsibilities under the *Canada Post Corporation Act* with the duty to provide for the security of anything in the mail system. Recent amendments to the mail-theft provisions of the Criminal Code better equip Canada Post and law-enforcement agencies to prosecute identity theft and other crimes related to the mail.

## Reporting on the Service Charter

Continued

### Community outreach and consultation

While Canada Post endeavours to maintain the existing method of delivery for the addresses it serves, circumstances may arise where changing the method of delivery is necessary, including improvements to equipment and upgrades.

From the introduction of the *Service Charter* to December 31, 2009, of 15 million addresses served, fewer than 18,000 were affected by a change of delivery method.

Reason for delivery method change	Number of addresses affected
Retail outlet change (e.g., change in retail location for general delivery services)	532
Delivery equipment upgrade (e.g., conversion from a group mailbox to a community mailbox receptacle)	5,673
Delivery safety reasons or municipal request (e.g., movement of location of mail delivery in rural areas as a result of a mandatory response to a safety review)	11,271
Other reasons	132
TOTAL	17,608

In rural Canada, the moratorium on the closure of corporate post offices continued to be in force. However, as previously noted, the company responded to a small number of situations affecting Canada Post personnel or infrastructure.

There were no decisions by Canada Post to permanently close, move or amalgamate corporate post offices not subject to the moratorium from the time the *Service Charter* was introduced to December 31, 2009. Canada Post will comply with the requirements of the *Service Charter* for corporate post offices not subject to the moratorium.

Canada Post held its fourth Annual Public Meeting on June 17, 2009, in Regina, Saskatchewan. The meeting was advertised on the Canada Post website as well as other media websites. Invitations were also sent to a number of stakeholders, including local and national customers, suppliers, association representatives, retail franchisers, bargaining agents, stamp collectors, and others. Approximately 70 people attended the event while 29 companies and 1,180 employees participated through an audio webcast.

### Responding to complaints

In 2009, Customer Service handled an estimated five million customer interactions. This included 3.8 million telephone calls handled by automated services and front-line agents, and 82,000 emails through the Canada Post website. Associated with these interactions are follow-up customer-service cases that included trace, claims and general case inquiries.

The complaint-resolution process ensures that Canada Post has every opportunity to resolve customer complaints. However, in cases where Canada Post has completed its review of the complaint and the customer is not satisfied with the proposed solutions, the customer may appeal to the Canada Post Ombudsman.

The Ombudsman is the final appeal authority in the complaint-resolution process at Canada Post. The Ombudsman independently conducts investigations, questions parties involved in a dispute, determines whether Canada Post has adhered to its policies and procedures, and recommends equitable courses of action in an effort to resolve customer complaints.

A detailed view of the outcome of the Ombudsman's investigations, including any *Service Charter*-related issues, can be found in the Ombudsman's annual report, available at [www.ombudsman.postescanadapost.ca](http://www.ombudsman.postescanadapost.ca).

# Rural Service

## Reporting on performance

The *Service Charter* was introduced more than nine months into the year. Therefore, some performance elements cannot be fully assessed or measured for 2009. Further refinements will be implemented for 2010 to improve reporting to the *Service Charter* expectations.

An overview of the delivery methods by Canada Post and the estimated financial costs associated with each delivery method follows:

Delivery method	Number of addresses* (%) of total addresses	Average annual* cost per address
Door-to-door	5,034,995 (34%)	\$253
Centralized point (e.g., apt. lobby lockbox)	3,656,801 (25%)	\$119
Group mailbox, community mailbox, kiosk	3,562,146 (24%)	\$100
Delivery facility (postal box, general delivery)	1,823,080 (12%)	\$63
Rural mailbox	797,336 (5%)	\$168
<b>All methods</b>	<b>14,874,358</b>	<b>\$156</b>

\* as at Dec. 31, 2009

The 2009 total delivery costs include an estimated \$145 million year-over-year improvement in employee future benefits expense, primarily non-cash, largely related to an increase in the rate used to discount the Canada Post pension and other future benefits obligations for accounting purposes. We estimate that this has improved the year-over-year average delivery cost per address by \$10.

Canada Post has proudly served rural communities for more than 150 years. With more than 3,800 post offices in rural Canada, no other organization provides more consistent service to Canadians, regardless of where they live.

Canada Post commits to provide service to rural Canadians, strictly follows the Government's moratorium on the closure of rural post offices, and supports the *Canadian Postal Service Charter*.

Canada Post never seeks to close a rural post office. On occasion, events, such as retirements, illnesses, deaths, fires, bankruptcy or termination of a lease, can affect operations in rural communities. Most of the time, Canada Post hires a replacement postmaster or finds a new post office location.

In exceptional circumstances, Canada Post will engage with the community through an outreach process that involves local representatives. Often we are able to keep a post office open. Sometimes the community leaders advise us that other arrangements are preferred or needed.

In cases where a rural post office is closed, Canada Post ensures that retail services are available nearby—usually where residents shop. Canada Post informs the federal Minister responsible for Canada Post, the local member of Parliament and community leaders of events affecting the operation of a rural post office.

### Committed to rural communities

When the Libau, Manitoba, postmaster announced her intention to retire after 30 years, Canada Post consulted with the community of 200, which made it clear that they wanted to keep the post office (shown here). The company took the message to heart and hired a new permanent, full-time postmaster.



## Other Public-Policy Programs

In addition to its universal service obligation and core postal services, Canada Post also delivers certain public-policy programs on behalf of the Government of Canada.

### Food Mail

The Food Mail Program is a federal Government program that subsidizes the cost of transporting nutritious, perishable food and other essential items by air to isolated northern communities that are not accessible year-round by surface or marine transportation. Under an agreement with Indian and Northern Affairs Canada (“INAC”), Canada Post is responsible for all transportation services and the related contracting process, including entering into contracts with air carriers for various network legs across the North, managing customer agreements with shippers, and ensuring shipper compliance with program requirements. INAC provides funding to Canada Post to cover the difference between the costs incurred for shipping eligible goods and the postage paid to Canada Post by shippers.

In 2009, Canada Post shipped almost 20 million kilograms of goods under the Food Mail Program. Revenue attributed to this program was \$75 million (including \$56 million of funding provided by the Government to cover the difference between postage revenue collected by Canada Post and the costs it incurred). Canada Post estimates that the foregone revenue<sup>1</sup> amounted to approximately \$11 million.

### Government Mail and materials for the blind

The *Canada Post Corporation Act* allows Canadians and the Governor General, members of Parliament, the Speakers of the Senate and House of Commons, the Parliamentary Librarian, and the Ethics Commissioner to send each other mail free of charge. Members of the House of Commons can also mail up to four flyers (through Unaddressed Admail service) free of charge to their constituents in any calendar year.

Canada Post also provides members of Parliament with a deeply discounted postage rate, unchanged since 1995, for Unaddressed Admail mailings over and above the four free mailings per year.

In 2009, approximately 21 million letters were mailed as Government Mail (excluding mail from constituents to parliamentarians) and MPs mailed approximately 195 million Unaddressed Admail items.

The Act also provides for free mailing of materials for the blind. Today, thousands of visually impaired Canadians and many libraries across the country, including that of the Canadian National Institute for the Blind, are able to send talking books and other materials free of charge throughout Canada and around the world. In 2009, it is estimated that more than two million shipments benefited from this program.

Notwithstanding a Government appropriation of \$23 million to help offset the financial impact of these programs on the company, Canada Post estimates that an additional \$17 million in foregone revenue<sup>1</sup> resulted from these programs in 2009.

### Library Book Rate

The Library Book Rate allows public and academic libraries to move books between libraries as well as between libraries and library users who do not have access to a public library due to geographic constraints or physical limitations. Canada Post’s Library Book Rate allows these books to be shipped at significantly reduced postage rates. Rates have remained unchanged since 2005.

In 2009, there were a total of 713,000 shipments of books under the Library Book Rate, generating \$772,000 in revenue for Canada Post. The foregone revenue<sup>1</sup> for Canada Post was estimated to be more than \$6 million for 2009. Unlike other public-policy programs delivered on behalf of the Government, Canada Post receives no appropriation or compensation of any kind from the Government to offset the discounted postage.

<sup>1</sup> Foregone revenue is the difference between actual compensation and the amount Canada Post would have earned at normal levels of commercial compensation.