



ANNUAL *1999-2000* REPORT

...helping improve postal services for all Canadians





André W. Tessier
Ombudsman

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Ms. Vivian Albo
Interim Chair of the Board of Directors
Canada Post

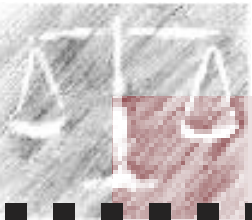
Dear Ms. Albo:

In accordance with the mandate established by the Board of Directors of Canada Post on November 13, 1997, I am pleased to submit my third annual report, covering the period April 1, 1999 to March 31, 2000.

Yours truly,

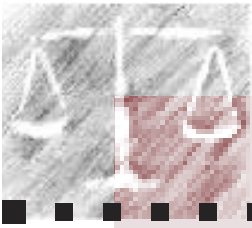
A handwritten signature in black ink, appearing to read "André W. Tessier". The signature is fluid and cursive, written over a light grey background.

André W. Tessier



Mission Statement

In a fair, unbiased and timely manner the Ombudsman at Canada Post will independently review customer concerns unresolved by all other avenues offered by Canada Post to help improve Postal Service for all Canadians.



A Message From the Ombudsman



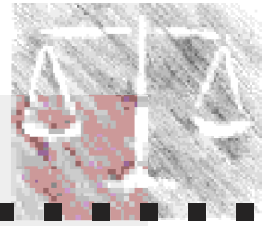
As the final appeal authority in the dispute resolution process at Canada Post, I am committed, along with my staff, to a common purpose and that is to help improve postal service for all Canadians.

I am pleased to say that we have achieved this and I am confident that we will continue to do so in the months and years ahead. This annual report, my third, illustrates some of the ways my Office is having a positive impact on the lives of millions of Canadians. At the same time, it examines the evolving relationship between my Office and Canada Post and demonstrates how this evolution is benefiting customers.

Of course, key to helping improve service is communication and we have been very active in this area. My Office's various initiatives to raise awareness amongst both the public and Canada Post employees have been very successful. During the year, I have addressed numerous groups of employees, community organizations and members of the media across Canada. Additional listings in telephone directories across the country, information brochures and our recently revitalized Web site all provide a large and growing number of Canadians greater access to my Office. While this increased awareness has led to a growing number of requests for assistance, I am pleased to underline that my Office responds to each request with the same integrity and timely attention.

As Ombudsman I have no binding authority. I believe that the Ombudsman's moral suasion ensures that his recommendations are carefully considered by all parties. To that effect, Canada Post may accept or reject any of my recommendations. Over the course of the past year, I have made 314 recommendations aimed at improving postal service for all customers.

Some of these recommendations had a local impact while others were national in scope. I am pleased to report that all of my recommendations have been accepted and implemented.



The evolution of the Office's synergy with Canada Post has led to the resolution of an increasing number of customer complaints without the need for this recommendation mechanism. This development is concrete evidence that my Office plays a positive role in ensuring an enhanced postal service for all Canadians in both urban centres and rural areas.

The Postal Service Customer Councils (PSCC) have played an active role in helping Canada Post improve postal service over the last ten years. Because of the duplication over the years of the services offered by the PSCC and the Office of the Ombudsman, the PSCC have concluded their activities. I express my gratitude to all those volunteers who over the years have served on the Councils providing advice to my Office.

This report outlines a number of issues my Office has investigated during the last year. It also describes how the Office, through a sophisticated database, identifies and analyses trends emerging from the requests for assistance that we receive. This allows me to immediately advise Canada Post of emerging problems in the early stages.

In a proactive way, I bring my concerns to the attention of senior management at Canada Post requesting that they review their policies, guidelines and/or procedures relating to specific issues, which I feel are or could become problematic. In doing so, my Office assists Canada Post in finding solutions before customer service problems escalate.

Helping to improve postal service for all Canadians is fundamental to my responsibility as Ombudsman at Canada Post. I am proud to say that my staff and I share this goal with Canada Post and its employees. Approaching every concern with a clear focus on our common, customer-oriented objectives provides a solid foundation for customer satisfaction.

André W. Tessier



Our Mandate

The primary role of the Ombudsman is to safeguard customer interests by assisting with the resolution of customer service complaints.

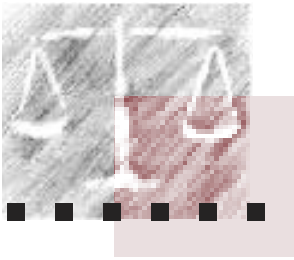
Specifically, the Ombudsman:

- Promotes and facilitates communications between the customer and the relevant representatives of the Corporation and the process by which complaints may be voiced and resolved.
- Offers to mediate between the parties to find mutually acceptable solutions.
- When all internal dispute resolution mechanisms have been exhausted, acts as an appeal authority to review in a fair and unbiased manner customer complaints in order to assess the merits of the complaints and recommend resolutions.
- Through periodic reports assists the Corporation in gaining a better understanding of concerns and the manner of their resolution.
- Prepares and submits an annual report to the Chairman of the Corporation's Board of Directors.
- Responds to the Board of Directors concerning any matter that the Board specifically refers to the Ombudsman.
- Promotes the Office of the Ombudsman to the general public.

However, the Ombudsman does not become involved with the following:

- The Corporation's relations with its employees, contractors and suppliers.
- Matters that relate exclusively to Canada Post subsidiaries.
- The setting of corporate policies (including mail classifications, rates and pricing).
- Any matter involving compliance with existing legislation (such as the *Canadian Charter of Rights and Freedoms*, the *Competition Act*, the *Official Languages Act*, etc.) and any matter before the courts.

(Approved by the Board of Directors of Canada Post.)



Origins of Complaints

As an organization delivering millions of pieces of mail to millions of Canadian homes and businesses every day, Canada Post recognizes that customer service issues will arise. When postal service issues have been addressed through internal resolution mechanisms within Canada Post and customers are still not satisfied, they may appeal to the Ombudsman, who is the final appeal authority in the dispute resolution process at Canada Post.

The Ombudsman also acts as an advisor to senior executives of Canada Post by reporting on trends and issues. Information provided by our database of customer complaints enables him to identify trends and issues brought to his attention by Canada Post customers. Furthermore, the analysis of this information enables the Ombudsman to provide Canada Post with a clearer understanding of emerging concerns. The first step in our analytical process is to segregate every request for assistance in our database into clearly defined categories, such as "large urban centers", "small centers" and "rural areas".

By identifying the regions with the most customer service complaints, we can shed light on the question of where future concerns are likely to emerge. Due to the realities of population distribution, large urban centers account for 70 percent of customer complaints submitted to our Office, while smaller centers and rural areas account for the remaining 30 percent.

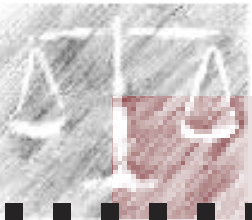
Our analysis is further enhanced by the fact that requests for assistance are also classified by types of customers. Approximately 90 percent of the complaints we examine originate from individual households, while the other 10 percent are initiated by businesses and associations.

Urban

Canada's population is growing and our urban centers are expanding to accommodate an increasing number of newcomers.

As previously mentioned, urban customers submit the majority of the requests for assistance that we receive. Complaints in urban areas cover an array of subjects including, but not limited to, the issue of misdelivery of lettermail. Over the years, in the course of our investigations, our Office has found that some of the most common reasons for misdelivery are:

- Problems with the mechanical sorting of mail such as two envelopes for different addresses being stuck together and delivered to one address.
- Poorly hand-written addresses causing the address to be illegible to both human and electronic sortation.
- The regular letter carrier being replaced during an absence by a relief letter carrier who may not be as familiar with the route.
- Incorrect addressing.
- Human error in the sorting of mail.



Furthermore, in large urban centers there are also various issues associated with parcel delivery. One of the most common complaints received in our Office relates to the "Notification of Delivery" service, whereby a card is left in the mailbox, indicating that there is a parcel or signature item to be picked up at a nearby postal retail counter. Many customers with such complaints are unhappy with their designated location for retrieving parcels or signature items, stating that the designated outlet is inconvenient for them. While such complaints are understandable, it is clear that, with millions of customers, it would be impossible for Canada Post to develop a customized approach without facing a major logistical and administrative nightmare. When provided with our explanation, customers generally appreciate and accept the complexity of the situation.

Finally, urban customers also raised concerns about Community Mailboxes (CMBs). These complaints mostly relate to the location or accessibility of these mailboxes.

When these matters are brought to our attention we launch a full investigation ensuring that certain standards are met. The criteria that we look for are whether the community mailbox is in a centralized location convenient to the customers it serves and whether the safety and the accessibility of the site is in conformity to Canada Post's policy on the installation of CMBs. The Ombudsman will recommend a change if his investigation reveals that these standards have not been met. Experience has shown that most customers believe in the CMB concept "as long as it's

not in my backyard", making it very difficult to select a location, which is satisfactory to everybody.

As always, the Ombudsman addresses all of these requests for assistance in an objective manner, helping the two parties arrive at fair and equitable solutions whenever possible.

A horizontal row of ten small reddish-brown squares.

Rural

In reviewing complaints from every region of this country, we are able to discern a number of significant trends. Canada's vast geography presents many challenges to the efficient delivery of mail to every community in the country, no matter how remote. Although many of the complaints from rural and urban customers are similar, there are some differences between these two groups.

As mentioned earlier, rural customers account for approximately 30 percent of the complaints submitted to the Office. The one complaint that is unique to rural customers has to do with the placement of individual mailboxes. Due to Canada Post's designated routes of travel, customers' mailboxes must be placed on a specific side of the road and must meet all of Canada Post's installation requirements.



There are several issues associated with the specifics of the location of a rural mailbox. Canada Post must ensure the safety of the contractors, the customers and the public travelling along rural roads. Contractors are required to abide by the provincial highway laws and must at all times refrain from driving against the flow of traffic when delivering mail. Many customers object to moving their mailbox to accommodate the routes of travel as designated by Canada Post.

Obviously, the Ombudsman cannot condone rural route contractors driving against the flow of traffic and cannot support customers' requests to leave their mailboxes in locations that may be hazardous for the safety and health of the delivery personnel, the customer or the public on the road. The Ombudsman ensures that the Canada Post policy governing the location of individual mailboxes in rural Canada is adhered to, as this policy is primarily intended to ensure the safe delivery of mail.

Businesses and Associations

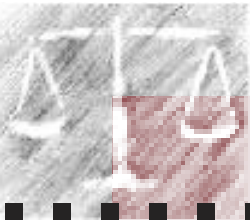
For businesses and associations across Canada, the postal service is a crucial component of their day-to-day operations. Businesses use the mail system to keep their customers informed, to send out invoices, to pay their suppliers and for

many other purposes. Associations use the postal service to stay in touch with members, to communicate with their stakeholders and to discharge their corporate responsibilities. Because they generate larger volumes, the possibilities of service problems with this group are potentially greater. However, they face problems that are similar to those of any other customers. A minor change made by Canada Post to a product or service may have major repercussions for them.

One concern brought to the attention of the Ombudsman by several businesses and associations dealt with the discontinuation by Canada Post of its Certified Mail service (hard copy Acknowledgment of Receipt service). This service was replaced with an automated hard copy signature retrieval system for an extra fee (Registered Service).

The Ombudsman is not mandated to examine complaints about Canada Post pricing policies since these are business decisions made in a competitive commercial environment.

The Ombudsman brought the issue of the impact created by the removal of this type of service to certain customers to the attention of senior management at Canada Post. This intervention along with the expression of concerns to Canada Post by numerous affected customers caused Canada Post to reintroduce its Certified Mail service, which is now available to customers under certain specific conditions.



The intervention of the Ombudsman in this issue facilitated communications between the customers and Canada Post resulting in an acceptable solution for all parties involved.

Recommendation Process

Over the course of the last year, the Ombudsman has made several recommendations to Canada Post on a wide variety of issues. These recommendations range from suggesting changes to the Corporation's policies and practices to, in some instances, recommending some form of compensation. While the Ombudsman's recommendations can be accepted or rejected by the Corporation, the Ombudsman is pleased that Canada Post has accepted every recommendation made and has taken the appropriate action.

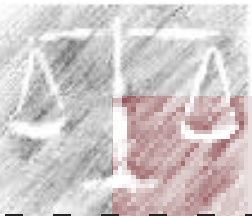
In cases involving recommendations regarding policies, guidelines and/or procedures, the Ombudsman, following a thorough investigation, has concluded that a specific policy, guideline and/or procedure should be changed in order to reflect a new reality.

Not all recommendations made by the Ombudsman address changes to policies, guidelines and/or procedures; some are compensatory or functional in nature.

Recommendations classified as functional often relate to a single customer or a group of customers and do not have broader, national implications. In these cases recommendations are made with the intention of improving the quality of service provided either locally or regionally.

Compensatory recommendations are made when the Ombudsman has concluded that the customer should be fully or partially compensated for damage or loss caused by a failure in the mail delivery process. Compensation may vary and in some cases can include a monetary component. As well, each case and its resolution are unique and all decisions are based on specific factors. It is important to keep in mind that these cases do not set a precedent, have no bearing on future cases and do not affect policies, guidelines and/or procedures.

It is worth noting, that last year, the Ombudsman made fewer recommendations to Canada Post than he did the previous year. This positive development can be attributed partly to the impact of the Office of the Ombudsman on Canada Post and partly to Canada Post's continued focus on customer satisfaction.



Special Reviews

As part of our ongoing efforts to help improve postal service for all Canadians, the Ombudsman proactively conducted a number of special reviews over the course of the past year. These reviews examine specific issues with the intent of addressing them before they become more serious problems. The following section presents a number of examples of these reviews, outlining the nature of the concerns expressed and, where appropriate, describing the action that was taken to address the situation.

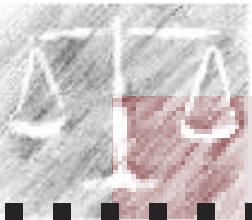
Fragile Items

In reviewing complaints, the Ombudsman became concerned about the high number of complaints relating to the purchase of insurance for fragile items.

Customers believed they were covered for loss or damage whether the parcel was considered fragile or not. Canada Post's policy concerning fragile items left it unclear both for customers and for employees as to what was and what was not fragile. The resulting inconsistency in the application of this policy combined with the confusion created by the definition of "fragile" occasionally led to employees unintentionally misleading customers.

In an effort to help improve the service being provided to Canadians, the Ombudsman, following a thorough review of the issue, met with senior executives at Canada Post to explain, with examples from concerned customers, why the existing policy needed to be revised. Canada Post immediately acknowledged the importance of the issue and mandated a working group to examine the situation.

Canada Post responded quickly on the issue of fragile items and has already implemented new guidelines with respect to the processing of insurance claims regarding damage to mail items. Canada Post clarified its definition and will now only consider glass and ceramic products as fragile, excluding them from coverage as a result of damage. With a clearer definition and application in place, confusion has been eliminated, the quality of service has been improved and the number of related complaints has decreased since the implementation of the new definition. Even though Canada Post has implemented all of these changes, the onus to properly package items being sent through the mail remains with the sender.



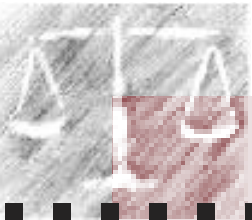
Civic Addressing and 911 Service in Rural Canada/Amalgamation of Municipalities

Among the numerous complaints received in the Office of the Ombudsman, two issues have emerged with respect to "Change of Address". The first issue relates to Civic Addressing and 911 Service in rural Canada. The second issue deals with the renaming of streets and towns as a result of municipal amalgamation.

Though similar in nature these two issues do have different particularities. Civic Addressing and 911 Service in Canada is the process by which municipalities assign names to thoroughfares and numbers to houses. This exercise is crucial to the implementation of the 911 Service in Rural Canada. Civic Addressing aids emergency vehicles in their attempt to respond quickly and accurately to calls for help.

The main complaint arising from this situation relates to the fact that many customers will oppose attempts to remove names of rural concessions that sometimes date back more than a century. Civic Addressing, which is the naming of thoroughfares and assigning of civic numbers to houses, is the responsibility of municipalities.

Recognizing that this would be a recurring complaint because the addressing system is identified with Canada Post by many Canadians, the Ombudsman took steps to ensure that his staff understood the issue and that they had the information they needed to provide clear and compassionate explanations.



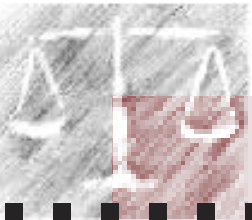
The second issue dealing with “Change of Address” pertains to municipal amalgamation.

Canada’s steady growth means that change is a part of every Canadian’s day-to-day life. Governments at all levels are working diligently to provide services for Canadians that are both efficient and cost-effective. Increasingly, as cities grow and services offered by municipalities begin to overlap, the decision is made to amalgamate the municipalities.

When many smaller communities join to form one large city, problems arise regarding the renaming of streets. People care a great deal about the name of the street they live on and have strong opinions on this subject.

For example, if each municipality originally had a "Main Street", it is not feasible for every street to keep its name after the amalgamation. Several "Main Streets" in one amalgamated city would necessarily create a great deal of confusion. Canadians should be mindful that only municipalities are mandated to rename streets.

This Office initiated an in-depth review into this issue. This review has provided staff members in the Office of the Ombudsman with all relevant information on the subject of municipal amalgamation and the process of renaming streets. As a result, the Office of the Ombudsman has a greater appreciation for the emotions involved in dealing with such issues and is in a better position to deal with these complaints in an objective and expeditious manner.



Statistics

The number of requests for assistance received in the Office of the Ombudsman has increased by 9 percent over the previous year, which means an actual increase from 5,609 to 6,117 as illustrated by chart ①.

The Office saw this rise in requests for assistance increase our caseload at a steady pace over the year. Nevertheless, the Office continued to respond to customer complaints within our established time frames.

Of note is the growing number of customer complaints, which are resolved without the need for the recommendation mechanism. Compared to last year, the number of recommendations made by the Ombudsman over the previous year showed a decrease as Canada Post elected to resolve more complaints without the need for the Ombudsman to make recommendations. (chart ②)

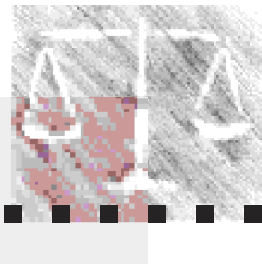
The next chart ③ clearly demonstrates that the number of decisions previously made by Canada Post and maintained by the Ombudsman after his investigation, has remained fairly constant.

On the other hand, the next chart ④ illustrates that in 1999-2000 Canada Post has elected to revise its original decisions more often without the need for recommendations by the Ombudsman.

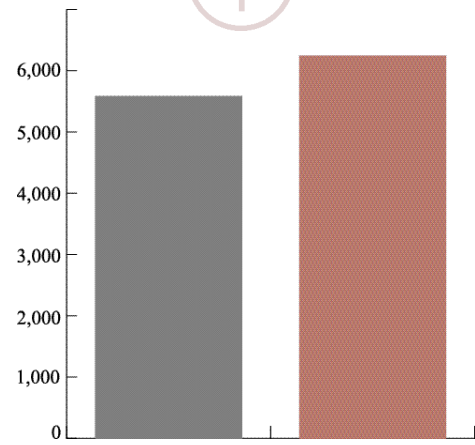
The last chart ⑤ outlines the categories of recommendations that were made during the course of 1999-2000 versus 1998-1999.

Recommendations pertaining to Canada Post policies, guidelines and/or procedures are national in scope and ensure consistency of service offered to all customers. Recommendations resulting in some form of compensation refer to a number of unique cases where extenuating circumstances were the deciding factors. Finally, functional recommendations impact the quality of service provided on a regional or local level.

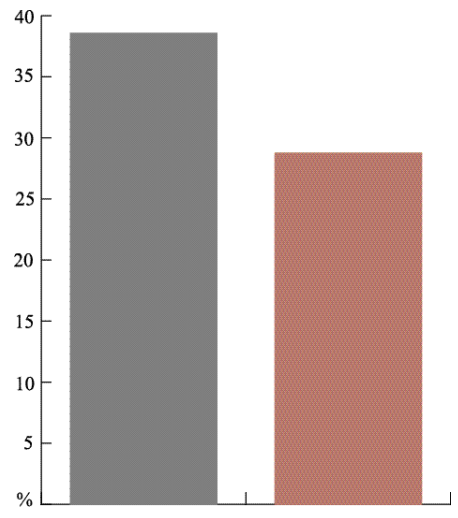
All complaints submitted to the Office of the Ombudsman are examined with a view to finding fair and equitable solutions based on the facts and merits of each individual case. Consequently, all recommendations are objectively researched and thoroughly analyzed prior to submission.



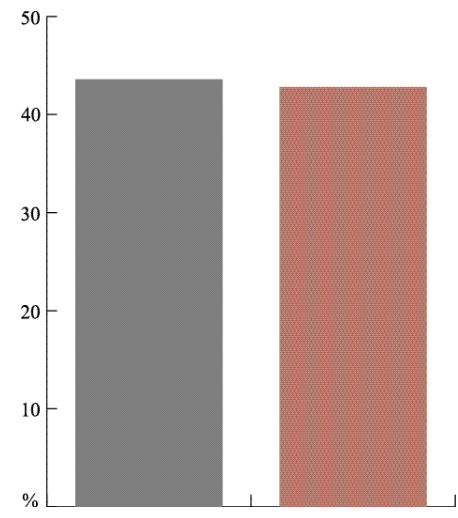
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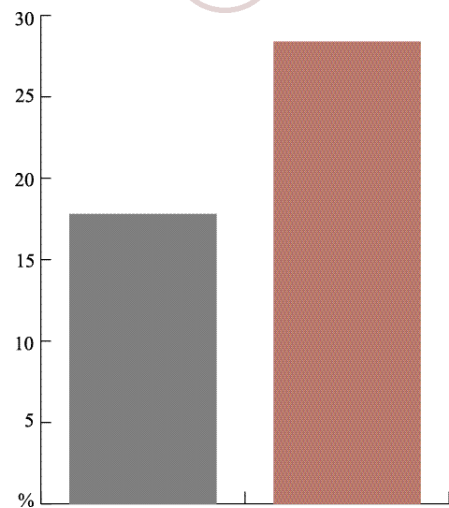


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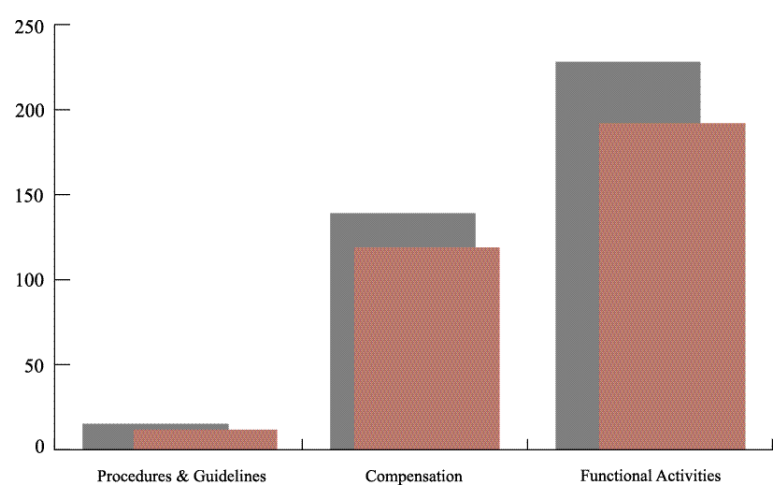


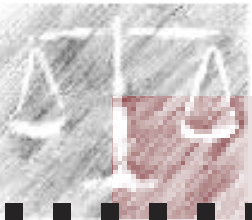
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