



Annual Report

2005



Michel Tremblay
Ombudsman

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Mr. Gordon Feeney
Chairman of the Board of Directors
Canada Post

Dear Mr. Feeney:

In accordance with the mandate established by the Board of Directors of Canada Post on November 13, 1997, I am pleased to submit my fourth annual report as Ombudsman covering the period January 1 to December 31, 2005.

Yours truly,

A handwritten signature in black ink on a light-colored background. The signature reads "Michel Tremblay" in a cursive, flowing script.

Michel Tremblay

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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.

Message from the Ombudsman

This is my fourth annual report as Ombudsman at Canada Post.

Over the course of the last year, our office has continued to implement refined methods of working to improve the quality and efficiency of the services we provide to customers who request our assistance. These initiatives are assessed and realigned on a regular basis to enable us to better respond to an ever-increasing number of customer complaints.

Indeed, our statistics demonstrate that in 2005, we received 6,608 Requests for Assistance, which represents a 32% increase over the last year. We also noted a significant increase of 65% in the number of Requests for Information and a 30% increase in the number of customer complaints requiring examination.

The increase in the number of Requests for Information is attributable to a significant number of customers demanding immediate resolution, as they are reluctant to submit themselves to what they perceive to be a time-consuming process. This clearly demonstrates that, as Canadians become more aware of the services provided by the Office of the Ombudsman, they no longer hesitate to voice their concerns when the quality of their postal service does not meet their expectations.

Each Request for Assistance submitted to our attention is assessed on its merits and against the parameters defined in my mandate. While the degree of complexity of complaints investigated may vary, each one is unique and is treated with the same level of integrity and fairness by our investigating team. I take this opportunity to underline the level of professionalism and dedication of these men and women who continually strive to achieve excellence in the performance of their duties.

In addition to ensuring that customers seeking our assistance are treated fairly, I proactively keep Canada Post abreast of emerging trends or particular issues that could become problematic over time. I am pleased with the synergy that exists between Canada Post and our office as this relationship often leads to diligent resolution of customer complaints or of recurring areas of concern that could otherwise require systemic reviews. This approach reinforces our common customer-oriented objectives and contributes to improved postal service for all Canadians.



Michel Tremblay

Complaint Resolution Process

Canada Post operates in a complex and rapidly changing business environment and strives to respond to the evolving needs of its customers to achieve excellence in customer satisfaction. As an organization that delivers millions of pieces of mail to Canadian homes and businesses daily, Canada Post plays an important role in the lives of its customers and acknowledges that service-related issues occur. The complaint resolution process outlined below ensures that Canada Post has every opportunity to resolve service related issues before customers appeal to the Ombudsman.

1. Customers must first attempt to resolve their concerns at their local post office or first point of contact at Canada Post.
2. If customer concerns raised at the local level remain unresolved, customers must contact Canada Post Customer Service at 1 800 267-1177. Customer Service agents will facilitate the resolution of customer concerns and provide customers with a file number to reference their complaints.
3. If customers are dissatisfied with the solutions proposed by Canada Post, they may appeal to the Ombudsman.

Appealing to the Ombudsman

The Ombudsman is the final appeal authority in the dispute resolution process. He is empowered to conduct investigations, to question the parties involved in a dispute and to recommend appropriate resolutions. The Ombudsman is neither an advocate for the customer nor a representative of Canada Post. The Office of the Ombudsman operates independently from Canada Post and as such, customers wishing to appeal to the Ombudsman must comply with the process outlined below.

1. Customers must complete a *Request for Review* form, which may be obtained by calling 1 800 204-4198 or downloaded from the Web Site at the following address:
www.ombudsman.postescanadapost.ca.
2. Customers must provide the Office of the Ombudsman with the Customer Service file number referencing their complaints as this number allows the office to review the steps taken by Canada Post in an attempt to resolve the issues at hand.

The Office of the Ombudsman will not consider *Request for Review* forms submitted without a Customer Service file number.

3. Customers must sign the *Request for Review* form authorizing the office to investigate their complaints and to obtain information with respect thereto.

Ombudsman Mandate

The Ombudsman:

- Promotes and facilitates communications between the customer and the relevant representatives of the Corporation and the process by which the 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 customer 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.

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.

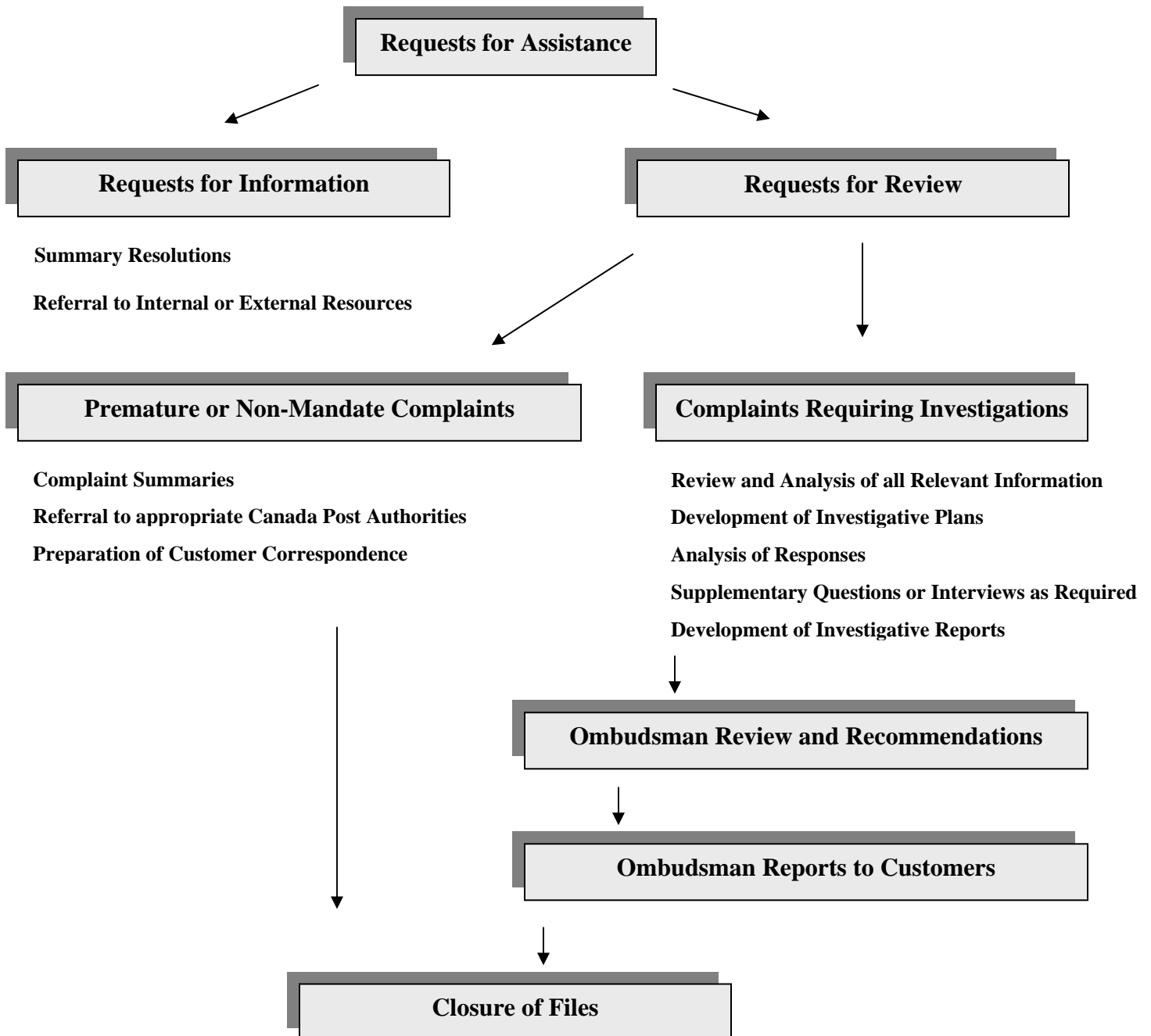
Complaint Management Process

The Office of the Ombudsman is committed to helping all customers who request its assistance. As such, intake staff may provide immediate responses to customers or refer them to a broad spectrum of public or private sector agencies, if their concerns are not related to the postal service.

Once it is determined that customer complaints are to be investigated, the case management process is initiated and investigators conduct in-depth reviews in an impartial manner while safeguarding the confidentiality of all information. Investigators have the discretionary power to interview the parties involved in a dispute and may, in certain circumstances, conduct on-site visits to ascertain information or evidence upon which the parties disagree.

Critical elements related to disputes are detailed in investigative reports and submitted to the Ombudsman who carefully considers all the facts presented to him before rendering his decisions.

The following diagram provides a general description of the case management process at the Office of the Ombudsman.



Ombudsman Recommendations

The Ombudsman reviews all investigative reports and makes recommendations for equitable courses of action to resolve customer complaints. As the Ombudsman has no binding authority, he relies on moral suasion to ensure that all parties consider his recommendations. Brief overviews of the types of recommendations as well as case studies are outlined below.

Policies, Guidelines and/or Procedures

This type of recommendation is made in instances where the Ombudsman concludes that Canada Post policies, guidelines and/or procedures should be amended. Such recommendations are national in scope and indirectly improve the services provided to all Canadians.

Customers who purchased Purolator International products at Canada Post outlets complained to the Ombudsman that guaranteed service standards were not clearly stated in the Canada Postal Guide. The Guide is available for consultation on Canada Post's Web Site at www.canadapost.ca and in most postal outlets across Canada.

The Ombudsman's investigation found that contrary to Section F of the Canada Postal Guide entitled Service Standards, Section D, Chapter 01 of the Guide entitled Purolator International did not clearly indicate what countries and cities within these countries had guaranteed service standards, thus resulting in confusion for the customer.

The Ombudsman recommended that these discrepancies be rectified to eliminate confusion. Canada Post accepted and acted accordingly.

Compensation

This type of recommendation is made in instances where the Ombudsman concludes that Canada Post fully or partially compensate a customer for a service failure. Each case is unique and all decisions are based on factors specific to the case. These recommendations do not set precedents and do not affect Canada Post policies, guidelines and/or procedures.

A customer mailed a parcel and insured its contents at the time of mailing. Although Canada Post's track and trace system indicated that the parcel was successfully delivered, the sender was informed eight weeks later that the addressee had never received it.

The Ombudsman's investigation revealed that the addressee had moved to another location and that the sender erred when he addressed his parcel to the old address. The Ombudsman was of the opinion that the Canada Post delivery agent should have realized that the premises at the delivery address were vacant and should not have left the parcel unattended.

The Ombudsman concluded that both parties were equally at fault and recommended that a partial payment equivalent to 50% of the original claim be granted to the sender. Canada Post accepted the Ombudsman's recommendation and indemnified the customer.

Functional

The Ombudsman makes this type of recommendation with the intent of improving the quality of service provided by Canada Post to a customer or a group of customers at a local or regional level.

A customer complained to the Ombudsman that Canada Post refused to resume to-the-door delivery following the construction of a new residence on the same property where an older residence was torn down.

The facts presented to the Ombudsman in this investigation confirmed that Canada Post initially provided this customer with specifications relating to the installation of a slot in the front door of the residence. Although the customer complied with these specifications, Canada Post subsequently informed the customer that, upon further review of the site, to-the-door delivery was no longer an option. Canada Post would not resume delivery unless a mailbox was installed at the end of the customer's property line.

The Ombudsman's investigation revealed that this customer's residence was located within the maximum distance "from a municipal thoroughfare or sidewalk". (Canada Post Act and Regulations, Part III, Section 10, entitled Private Urban Mail Receiving Facilities) He, therefore, concluded that this customer had not been treated fairly or in accordance with Canada Post regulations.

The Ombudsman recommended that Canada Post resume to-the-door delivery and Canada Post accepted and acted accordingly.

Not Supported

This type of recommendation is made in instances where the Ombudsman concludes that Canada Post correctly applied its policies, guidelines and/or procedures.

A customer complained to the Ombudsman that the postal outlet he was required to go to in order to retrieve personal contact items was located too far from his residence. He stated that Canada Post refused to assign his mailing address to a postal outlet located closer to his residence.

During the course of his investigation, the Ombudsman reviewed the particulars of this customer's complaint and informed him that postal outlets are part of a complex distribution and operational network designed by Canada Post to best serve its customers. He indicated that several criteria are considered to determine the most appropriate location including factors such as retail revenue and dwelling density, population served, community growth estimates, host business hours of service and storage capacity.

The Ombudsman did not support this customer's request as he concluded that Canada Post had properly applied its policies, guidelines and/or procedures in determining the location of the postal outlet in question.

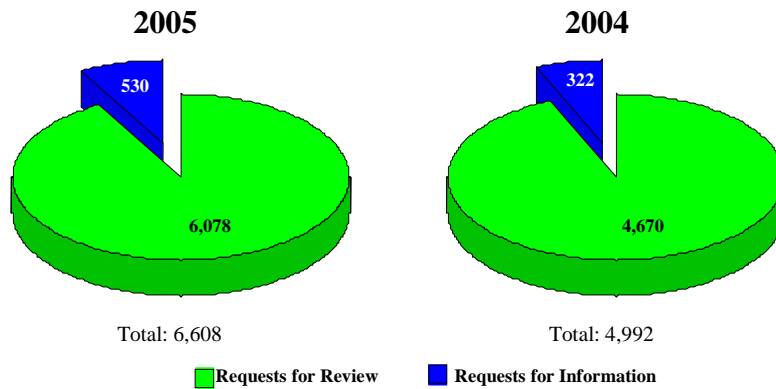
Statistics

Requests for Assistance

In 2005, the Office of the Ombudsman received 6,608 Requests for Assistance, which represents a 32% increase over the previous year. Our statistics further revealed a significant increase of 65% in the number of Requests for Information.

As previously indicated, the upsurge in the number of Requests for Information is attributable to increased customer awareness and the fact that customers are reluctant to submit themselves to what they perceive to be a time-consuming process.

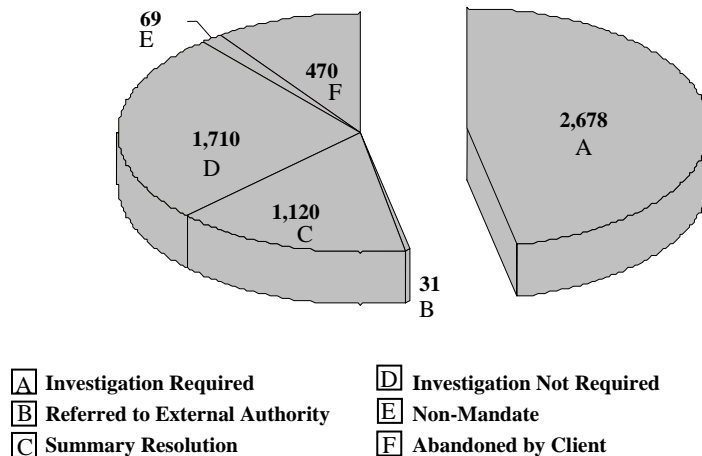
Requests for Assistance



Requests for Review

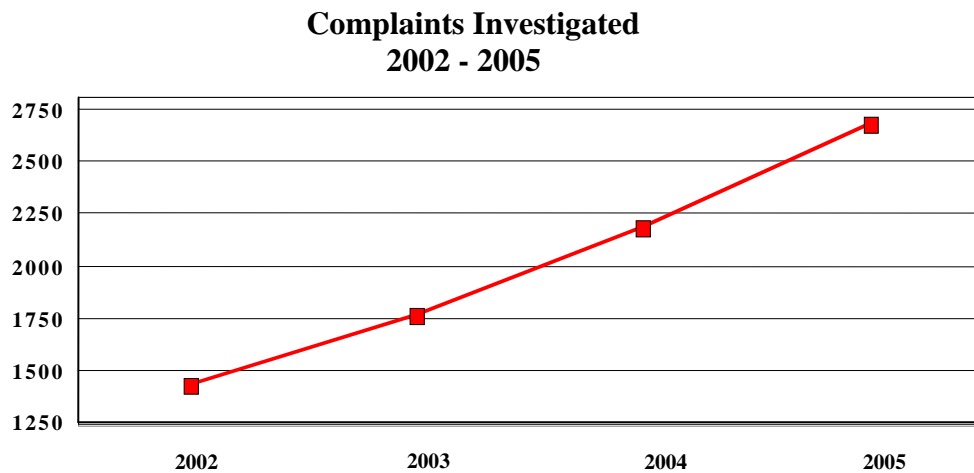
The Office of the Ombudsman examined a total of 6,078 complaints in 2005, which represents a 30% increase in comparison to the previous year. Also of note is the fact that although the majority of complaints examined originated from individual consumers, 591 complaints originated from businesses or associations, an increase of 36% in comparison to 2004.

Requests for Review



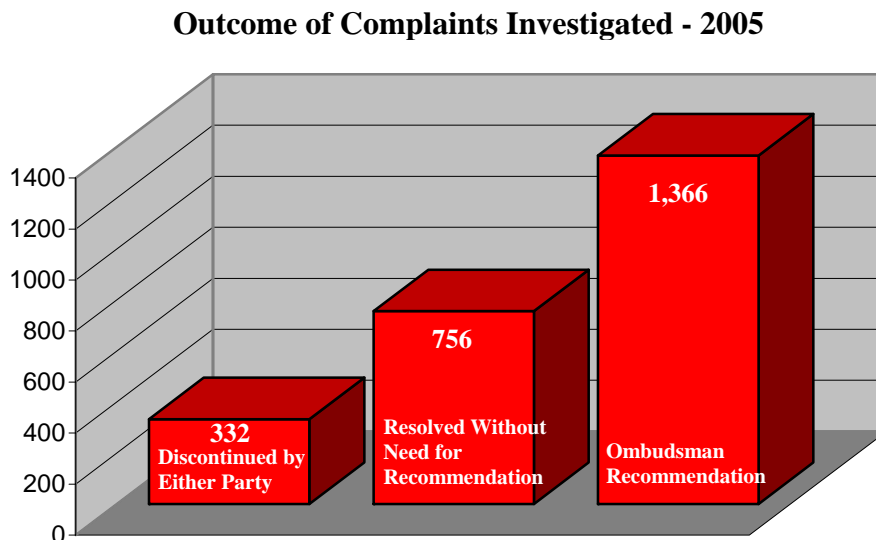
Complaints Investigated

In 2005, a total of 2,678 complaints required in-depth investigations. The following chart illustrates that the number of complaints requiring investigations has increased for a third consecutive year. As the Office of the Ombudsman strives to maintain the quality and efficiency of the services it provides to customers, these increases have had a definite impact on its self-imposed timeframe for responding to customers.



Outcome of Complaints Investigated

The following chart provides an overview of the outcome of the 2,678 complaints investigated* over the course of 2005, including the recommendations made by the Ombudsman.

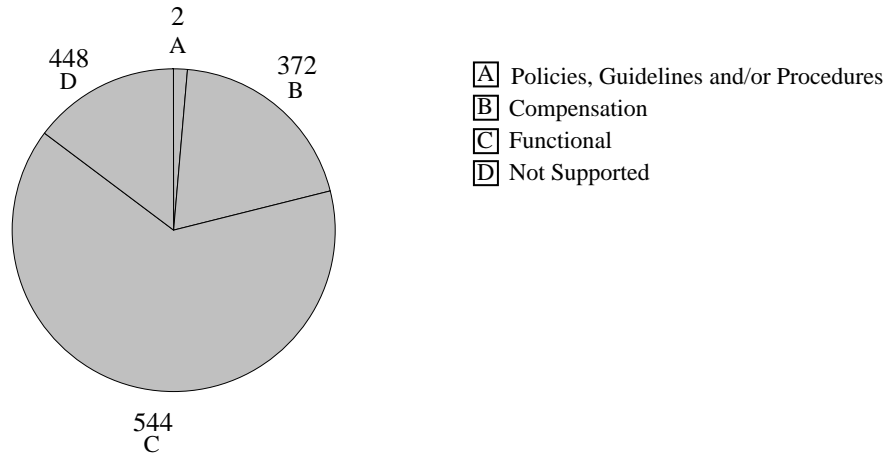


*Includes 224 on-going investigations at year-end.

Classification of Ombudsman Recommendations

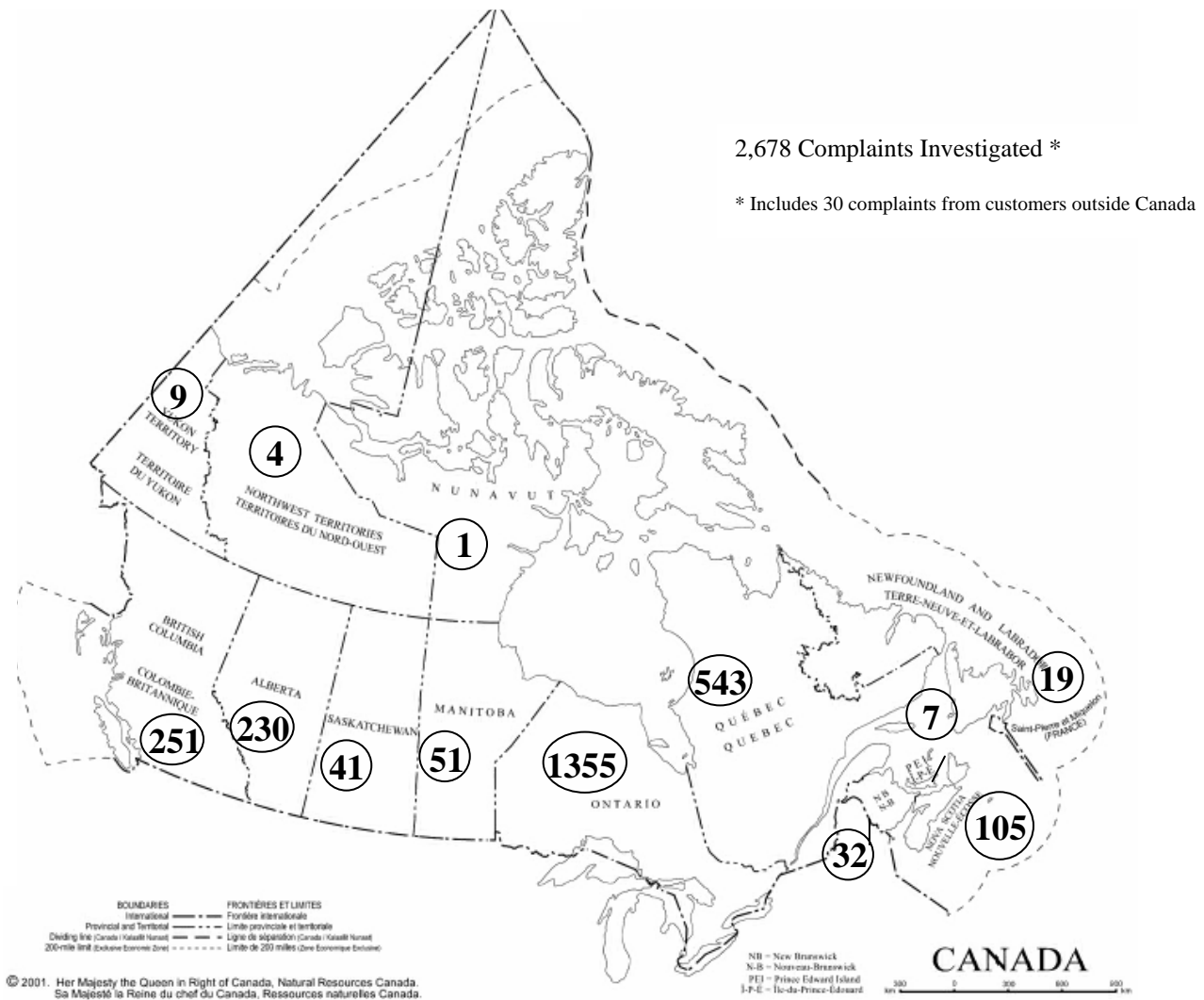
The following chart illustrates the classification of the 1,366 recommendations made by the Ombudsman in 2005.

Classification of Ombudsman Recommendations - 2005



Geographical Origin of Complaints Investigated

The following chart illustrates the number of complaints investigated per Province/Territory.



How to Contact the Office of the Ombudsman

Telephone: 1 800 204-4198

Fax: 1 800 204-4193

Mail: PO Box 90026
OTTAWA ON K1V 1J8

Web Site: www.ombudsman.postescanadapost.ca