



From anywhere... to anyone

## **DETAILS ON SURCHARGES AND ADJUSTMENTS**

This document provides additional details as a follow-up to the customer communication of July 2006 when Canada Post notified customers about a new mailing anomaly surcharge structure and changes to the read rate adjustment for Machineable mail, effective January 15, 2007.

### **OVERVIEW**

Canada Post consults regularly with mailers to ensure we understand their needs and that they understand Canada Post's requirements. Most customers consistently meet mailing requirements and are rarely faced with the option of either re-working their mailing to ensure it meets specifications, or subjecting their Order 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 new framework for the application of mailing anomaly surcharges that is fair and consistently applied across the Direct Marketing and Transaction Mail services.

**Please 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\*:

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

\* This list is not exhaustive.

For January 2007, there are no changes to adjustments with the exception of those that apply to Machineable Mail requirements.

#### **Machineable Mail Requirements**

As of January 15, 2007, minimum machine readability acceptance levels will be established for each Machineable mailing and the cure period will be eliminated. Additionally, the Certification program for Incentive Lettermail will no longer be mandatory. In order to ensure mailings of Machineable Incentive Lettermail, Addressed Admail and Publications Mail items continue to achieve the required read rates, customers are strongly encouraged to provide 200 sample items (identical to those being mailed) for testing in advance of mailing (as per the Machine Readability Requirements and Evaluation of Samples section of the Customer Guide) to:

CANADA POST  
MAIL STANDARDS AND TESTING  
PROCESS INNOVATION AND EQUIPMENT  
2701 RIVERSIDE DR SUITE N0550  
OTTAWA ON K1A 0B1

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

<b>Machineable Incentive Lettermail effective January 15, 2007</b>	
<b><i>If the actual read rate (as measured by our automated equipment) is:</i></b>	<b><i>Then the price adjustment is:</i></b>
...greater than 95% for S/L and greater than 85% for O/S	...no price adjustment
...greater than 80% but less than 95% for S/L  ...greater than 70% but less than 85% for O/S	...the full price for the appropriate weight step applies to the % of the total volume represented by the difference between 95% and the actual read rate**  ...the full price for the appropriate weight step applies to the % of the total volume represented by the difference between 85% and the actual read rate
...less than 80% for S/L and less than 70% for O/S	...the full price for the appropriate weight step will apply to the <b>entire</b> volume of the mailing.

\*\*Example: 1,000 pcs S/L with actual read rate of 81% = (95-81)% X 1,000 pcs X Lettermail price = 14% X 1,000 pcs X Lettermail price = 140 pcs X Lettermail Price

<b>Machineable Addressed Admail and Publications Mail effective January 15, 2007</b>	
<b><i>If the actual read rate (as measured by our automated equipment) is:</i></b>	<b><i>Then the price adjustment is:</i></b>
...greater than 90% for S/L and greater than 80% for O/S	...no price adjustment
...less than 90% for S/L and less than 80% for O/S	...10¢ per piece surcharge applied to the % of the total volume represented by the difference between the target read rate % and the actual read rate***

\*\*\*Example: 1,000 pcs O/S with actual read rate of 60% = (80-60)% X 1,000 pcs X 10¢/pc = \$20.00

## **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 Terms and Conditions - section 5.3 of the 2007 Customer Guides, "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;
- subject to a surcharge;



*From anywhere... to anyone*

- refused for mailing."

Effective January 15, 2007, the new surcharge structure will apply to the following services.

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

The new surcharge structure will replace the existing Business Reply Mail and International Business Reply Mail Out-of-Spec surcharges and the existing Publications Mail Piece, Container and Mailing Level surcharges.

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 action and reduce the risk of future surcharges. The customer will continue to be contacted when mailing anomalies are identified greater than \$100.00.

Surcharges are applied to each non-compliant service category based on the "actual" versus "declared" volumes indicated on the Order and are billed to the "paid by" account as per the original Order.

## **Surcharge Structure/Descriptions Effective January 15, 2007**

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

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

### **5¢ NON-COMPLIANCE SURCHARGE PER ITEM\***

<b>Invoice description (alphabetical order)</b>	<b>Description details</b>
<a href="#"><u>Address elements/format issues</u></a>	Address elements or Address format had elements that did not meet the addressing requirements
<a href="#"><u>Audit code issues</u></a>	Audit code did not meet standard for formatting and location or is outdated
<a href="#"><u>Basic ID missing/misplaced</u></a>	Basic Identification information is missing or misplaced in Publications Mail item
<a href="#"><u>Bundle separation issues</u></a>	The method used for separating the bundles is not as per the specifications
<a href="#"><u>Bundle thickness issues</u></a>	The bundle thickness is not as per the specifications
<a href="#"><u>Container fill not met</u></a>	Container(s) not filled as per the specifications
<a href="#"><u>Container issues</u></a>	Approved container was not used and/or was not properly sealed, secured or wrapped.
<a href="#"><u>Container labels missing</u></a>	Container labels are missing on one or more container
<a href="#"><u>Container weight not met</u></a>	The weight of the container exceeded the weight allowed
<a href="#"><u>DMC missing/incorrect</u></a>	Delivery Mode Code is either missing or incorrectly placed
<a href="#"><u>DMC is not visible</u></a>	Delivery Mode Code is not visible
<a href="#"><u>DMC (urban) missing</u></a>	Urban Delivery Mode Code is missing
<a href="#"><u>Detailed ID missing/misplaced</u></a>	Publications Mail Detailed Identifying Information (Agreement number and return address) is missing or misplaced
<a href="#"><u>Encl bearing indicia</u></a>	Publications Mail enclosures must not have an indicia
<a href="#"><u>Enclosure non-compliance</u></a>	Publications Mail enclosures or inserts do not meet the specifications
<a href="#"><u>ID info missing on BUC</u></a>	Detailed Identifying Information is missing on the Bundles of Unaddressed Copies (BUC) of Publications Mail
<a href="#"><u>Mail pieces improperly faced</u></a>	All mail within a container is not faced in the same direction
<a href="#"><u>Min pieces per bundle not met</u></a>	Requirement for the minimum number of pieces per bundle is not met
<a href="#"><u>Plastic wrapper issues</u></a>	Wrapper exceeds contents by more than allowable as per specifications
<a href="#"><u>Strapping issues</u></a>	Strapping used to secure the bundles is non-compliant

\* Classification and amount of surcharge subject to change at any time immediately upon Notice to the Customer.

**10¢ NON-COMPLIANCE SURCHARGE PER ITEM\***

Invoice description (alphabetical order)	Description details
<a href="#">Address template issues</a>	Address is not in the Address zone as indicated on machineable mail template
<a href="#">Address labels not secured</a>	Labels used for address are not secured to the mail piece
<a href="#">Address slips from window</a>	Content has slipped within the window of the envelope making the address not possible to read
<a href="#">BRM artwork element incorrect</a>	One or more elements of the Business Reply Mail artwork is incorrect
<a href="#">BRM artwork element missing</a>	One or more elements of the Business Reply Mail artwork is missing
<a href="#">BRM specs non-compliance</a>	Business Reply Mail specifications are non-compliant
<a href="#">Brick-piling issues</a>	Brick-piling specifications have not been met
<a href="#">Bundle sequencing issues</a>	Bundles have been incorrectly sequenced within a container
<a href="#">Bundle labelling issues</a>	Bundles have been incorrectly labelled
<a href="#">Clear zone around add block</a>	Clear zone around the address block has been compromised
<a href="#">Clear zone -19mm not met</a>	19mm clear zone at bottom of envelope has been compromised
<a href="#">Container labels incorrect</a>	Container labels used do not match the content of the container
<a href="#">Content moves within envelope</a>	Content has slipped within the envelope
<a href="#">Notation missing on BUC</a>	Publications Mail "Direct Bundle to this Address" notation is missing on Bundles of Unaddressed Copies (BUC)
<a href="#">Envelope window issues</a>	Window of the envelope is not to specification
<a href="#">Pieces improperly sealed</a>	Mail pieces are not properly or fully sealed.
<a href="#">Flexibility issues</a>	Mail does not meet flexibility specifications
<a href="#">Flexural strength issues</a>	Flexural strength of the mail piece is not to specification
<a href="#">IBRM artwork element incorrect</a>	One or more elements of the International Business Reply Mail artwork is incorrect
<a href="#">IBRM artwork element missing</a>	One or more elements of the International Business Reply Mail artwork is missing
<a href="#">IBRM specs non-compliance</a>	International Business Reply Mail specifications are non-compliant
<a href="#">Ink absorption issues</a>	The envelope paper does not meet the specifications and is unable to absorb ink
<a href="#">Mail separation non-compliance</a>	Mail separation specifications not met
<a href="#">Mail sequencing issues</a>	Mail sequencing specifications not met
<a href="#">Pallet size/wrap issues</a>	Issues with the pallet size or pallet wrapping
<a href="#">Pieces sticking together</a>	Mail pieces are sticking together
<a href="#">Product shape non-compliance</a>	Shape of the mail piece is not to specification.
<a href="#">Wrapper blocks address</a>	The wrapper sealing line blocks the address

\*Classification and amount of surcharge subject to change at any time immediately upon Notice to the Customer.