

Supply—Post Office

cent charge—came into effect before the end of this year, over the next three years we would have deficits totalling in excess of \$70 million in the post office. These are the financial facts of life which we cannot ignore. In so far as the postal service is concerned, no amount of political acumen, as we used to pronounce the word in the maritimes, no amount of financial manipulation will change those facts. The facts will remain no matter what we do about them unless we make some changes.

The department has been carrying on studies of the rate structure and these studies have been intensified of late. It is probably the most intensive study of the rate structures in the Post Office Department in the 100 years of its existence. We have made adjustments in rates, some of which hon. members may not have heard of. We have made adjustments in c.o.d. deliveries and special deliveries. We have increased the air mail postal rate to the United States. Frankly, to me it was absurd that if persons in the United States, including ourselves when we visit there, wish to send a letter to Canada the rate is 8 cents, but if we wanted to send a letter to the United States we paid 7 cents up until the day before yesterday. That has been corrected and I do not think anybody in the house will disagree, when I say that the situation should have been corrected at an earlier date. We have also made adjustments in other postal charges, more particularly in regard to the rate structure for third class mail.

I think the committee will be glad to know that in addition to these changes, which I believe will improve the financial position of the department by somewhere between \$7½ million and \$9 million a year, we have also engaged one of Canada's top consulting firms to look into the matter of cost ascertainment in our department, to try to ascertain the costs of the different types of mail and the different types of services we perform. It is only by having such a comprehensive study that we will be able to determine what each particular class of mail should be paying. I think we now have some reasonably accurate figures with regard to the three main types of mail, first class mail, second class mail and third class mail. But there are subclasses in each of these divisions with regard to which we need more information.

It is only by having a comprehensive study made at this time that we can bring about a tighter control. It is only by doing

[Mr. Nicholson.]

this that we can avoid having to introduce at the end of each 10 or 20 year period substantial increases that shock people. If you have a cost ascertainment program functioning all the time, adjustments can be made without disturbing or inconveniencing people too much. From the reports I have received so far arising from the study I am confident that much good will result from it. In the supplementary estimates we are asking for a sum of money to help to pay the costs of the study, but I believe that the study will repay many times the amount of money we are asking be appropriated for this purpose.

It would seem to be fitting at this time to consider certain of the postal rates, particularly one that was the subject of much discussion back in April when we were considering a certain resolution. I refer to the rates on second class mail. There are at least three or four members in the house this afternoon who participated in that debate and I should like to pass on to them the results of the study we have made. I might say they are perhaps getting the information second hand because I did a lot of work on this matter in connection with a speech prepared for delivery at a meeting of the periodical distributors of Canada that took place in Montreal recently. I pointed out to them that we handle some 600 million pieces of second class mail per year. Roughly 13½ per cent of all mail is second class mail. When I say "second class mail" I am referring of course to newspapers and periodicals.

Hon. members will recall that I said earlier that even if we got an \$8½ million increase in revenue from first class mail by abolishing the local rate we would still have a deficit in excess of \$20 million. Practically the whole of that deficit would be in the field of second class mail. Some members have suggested that one way to get rid of the deficit was, rather than increasing the rates for first class mail, to jack up the rates to the big newspaper publishers. I can recall two very forceful speeches that were made, but unfortunately the matter is not as simple as that.

It would be very difficult, if not impossible, to jack up these rates in order to get more money. Three or four names were banded around in the house, but including that group there are only some six or eight big publishing corporations. How can you jack up the rates for six or eight people out of 19 million without at the same time adversely affecting many of the small struggling publishers in the towns and smaller communities