

*Post Office Act*

always present, has assumed its present critical proportions only within the last several years. The principal reason for this is that wages, salaries and fringe benefits for the 48,000 post office employees now amount to 63.9 per cent of our total annual costs; in other words, 64 per cent of our total costs are labour. The settlement of last summer's major dispute alone amounted to over \$30 million. Other collective agreements signed recently for supervisors, and only last Friday for post-masters, raise the figure to over \$40 million. In other words, post office employees want wages and salaries commensurate with the services they render to the users of postal services. They refuse to subsidize those users through their wages, and I agree with them.

We in the Post Office Department are now faced with a real world. Our costs, in accounting terms, are real; so is our wage bill. We intend by this legislation to cope with that real world.

In our approach to this problem we have utilized a combination of three well known techniques for bringing deficits into line. We have improved and will improve even more our efficiency; we have cut unnecessary services so the public is no longer charged for a service it neither needs nor uses; and, finally, we have increased our rates.

Believe me, as a freshman minister I would have been delighted to escape the firing line, provided that efficiency and reduced services could by themselves solve the problem. They cannot, however, and to pretend otherwise would be to mislead the public and this house.

We are taking the following steps to reduce operating costs:

We have instituted a program to close down smaller post offices where expenditures clearly are much more than revenues.

We are amalgamating rural routes wherever it is clearly more economical to do so. This has the advantage of providing the mail contractors with a relatively more remunerative contract.

We are establishing distribution centres across Canada which will make the handling of mail more economical and more efficient.

As new post office buildings are erected new mechanized mail handling equipment is installed, providing for easier and faster movement of mail within postal installations while facilitating the work of our employees.

In the planning of post office buildings care is taken to provide for better and more economical plant utilization.

[Mr. Kierans.]

Letter carriers use small trucks to deliver mail where conditions so warrant.

Experiments are being carried out to find the most economical means of transporting mail within the larger urban centres.

New zoning systems are being implemented in larger urban centres which will be integrated into a code system if and when such a code is warranted on the basis of costs and service.

There are many other areas where efforts are made to reduce costs: In particular, in better financial management, in the review and preparation of departmental estimates for the next year and for five years ahead; in the organization of a long range planning division; in the installation of a total information service so that decisions will be taken on the basis of statistics, data and facts gathered through scientific modern systems; and in research and development in the communications field.

Hon. members may justifiably question why all of these steps taken together are yet insufficient. The immutable problems lie in the nature of the post office itself. We enjoy few economies of scale, and in this we are different from most other industries and businesses but this is the nature of the post office. Each individual letter has to be individually handled and individually brought to the door of the recipient. The awaited breakthrough of automation in postal services has not come. Machines have been developed and tested but still problems remain. Not until optical scanners are perfected beyond their present stage of development, which will allow the reading of handwriting, can much greater savings be made in staff, and productivity in sorting substantially improved. I intend to request the scientists in the research branch of the new department of communications to tackle this problem as a matter of urgency to help the post office meet the challenge of change.

● (3:40 p.m.)

As part of this program, and as part of the drive to make our post office the most efficient in the world, I might mention two steps under way. First, we have initiated a thorough study of the post office by a task force composed of consultants and departmental officials to study every aspect of its operations and to consider the feasibility and/or desirability of establishing it as a crown corporation. At this point I can say no more except to assure hon. member that the