

Mail Contracts

Mr. Gordon Graydon (Peel): Does this mean there will not be a joint celebration in St. John's, Newfoundland, but rather separate celebrations in both the capital of Canada and the capital of Newfoundland.

Mr. St. Laurent: It is planned to have a part of the celebration take place in St. John's and a part take place here on parliament hill, and to have them so arranged that they will be consecutive and form part of the same broadcast over the radio systems of Canada, as it is now, and of the new province of Newfoundland.

Mr. Graydon: The Prime Minister is not going down?

Mr. St. Laurent: No, not at this time.

MAIL CONTRACTS

AMENDMENT TO MAKE SUPPLEMENTAL
PAYMENTS APPLICABLE TO RENEWAL
CONTRACTS

Hon. Ernest Berirand (Postmaster General) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend the Mail Contracts Supplemental Payments Act to make supplemental payments authorized under the said act applicable to renewal contracts.

Mr. Gordon Graydon (Peel): I hope I may not be prevented from taking some part in the debate on this resolution, if I consider that necessary, by reason of the fact that I suggest to the minister now that he should make a full statement and explanation of the purposes of the resolution before Mr. Speaker leaves the chair.

Mr. Bertrand (Laurier): For the last two years, Mr. Speaker, we have passed bills to authorize the Postmaster General to supplement the payments under rural mail delivery contracts to take care of increased costs. The provision was made effective for one year; then in June, 1948, there was an extension for another year. This year the officers of my department have come to the conclusion that it is not necessary to have further increases, but that it is better to get authority from parliament to merge the increases already given with the cost of the contracts when they came up for renewal. We do not intend to give further supplements, but when we renew contracts under which supplements have been paid we are asking permission from parliament to include those supplements in the prices of the contracts. When we have to ask for tenders the low tender, if the applicant has the facilities to fulfil the contract, will be the price of the contract; there will be no further supplements.

It was useful to have this legislation for the last two years, because costs were continually rising. When we asked for tenders the figures were so high that often we had to refuse to accept the lowest tender, and had to call for tenders all over again or ask those who had tendered to lower their prices. In other cases, concerning renewals, we gave supplements wherever we thought it was useful and just to do so.

Mr. Fraser: You only gave the supplement where it was asked for, did you not?

Mr. Bertrand (Laurier): When there was a request for a supplemental payment we studied the matter and quite often granted the request because, with the cost of living increasing, it was usually found that the price was too low.

Now I want to give the house the pro rata of the different contracts in which we gave supplements as compared with the contracts in which we had to ask for tenders. There are about twelve thousand rural mail contracts in operation in Canada today. As of March 28, 1947, the Postmaster General was given authorization to pay supplements and war allowances to contractors. On June 30, 1948, we extended to March 31, 1949, the period during which these supplements might be granted. The present bill is asking for the incorporation of these supplements into the contract, just as if they appeared in the original contract. If this permission is not granted by parliament, whenever a contract expires we could not grant a supplement and the contractor would have to take the contract at the price that obtained a year ago or we would have to ask for tenders.

As of 30th September, 1948, the mail contracts with supplements in force represented 54 per cent of the total 11,933 contracts in force on that date. This meant that 6,485 contractors received the supplement. The original contract rates on these 6,485 contracts called for a total payment of \$4,993,735 per annum. The supplementary payments, as of 30th September, 1948, in respect of those contracts amounted to \$1,537,108, making total payments on these 6,485 contracts of \$6,530,843. The increase in cost due to supplements, therefore, amounts to 30.78 per cent.

Certain contracts under which we could not grant supplements, because the contractor had disappeared, died or resigned his contract, had to be sent out for tenders. There were 1,143 such contracts. As of September, 1948, the payments to be made under the old contract rates amounted to \$765,651. After tenders were called, the new contract rates