

Post Office Act

The Post Office is relying heavily on marketing principles to determine the needs of customers and to tailor services to meet these needs. The effect of this is reflected in the recently-announced assured mail delivery program, made possible by radical transportation and mail-processing changes, and by a general tightening up of internal operations. Accompanying this program are major efforts to improve productivity. Statistics from a comprehensive quality assurance program designed to monitor all mail services, show that vast improvements have already been effected.

[Translation]

We have long-range plans to replace inadequate mail processing facilities in major cities with up-to-date plants, in which working conditions will be second to none. The recently-announced facilities for Toronto launched this program. Montreal will be next. These plants will contain the mechanized mail processing equipment necessary to make the national postal code operate at maximum efficiency. As you know, Ottawa is the pilot area for the code, which will be introduced to the rest of the country over the next two years.

At the same time, the Post Office is giving urgent attention to its retail outlets. Tangible evidence of the new approach here is the postal boutique opened at the Fairview Mall in Willowdale on March 1. Plans call for more such outlets, which among other things, will provide other government departments and agencies with the opportunity to disseminate information and sell their products. A program to improve the service and the appearance of small offices is scheduled to get underway in July.

These, and associated improvements, will, I am certain, result in better service. Post Office management consults with the postal unions at each step in the introduction of a new program. This atmosphere of consultation, together with the improved working conditions that these programs encompass, will, I am sure, bring about better relations with the unions.

In order to reap the full advantage from service improvements, and to enhance the image of the administration and the postal worker in the eyes of the public, we are placing more emphasis on public relations.

I have no doubt that this new presentation, the improvements in service, the new retail outlets, and the greater use of outlets by government organizations, will enable the Post Office to project more effectively the federal presence throughout the nation.

To all concerned—observers and those whose task it is to bring about the changes I have just mentioned—a question constantly comes to mind: Can the Post Office meet its costs? I am convinced that it can, given the fact that the services it provides are, for the most part, of a commercial nature. It would therefore appear reasonable to assume that the Post Office, given the authority to act in a commercial environment, would be able to break even on its operation.

Government has to decide if the taxpayers of this country should subsidize services whose main users are business and industry. Approximately 80 per cent of Post Office volumes are in fact derived from business and

industry. Given this, the principle of successive operating deficits, to be supported by general taxation, would appear inequitable.

• (4:20 p.m.)

On the other hand, we must bear in mind that the Post Office provides a service which is essential to many Canadians, particularly those who live in far away communities. That is a reason why rates for first class mail are uniformly applied across the country, whatever may be the distance travelled by this mail. Our country being so vast, it is understandable that deficits should occur in certain areas.

[English]

I have nevertheless learned during recent visits to Britain and the United States that postal administrations are confidently planning to achieve financial self-sufficiency within the foreseeable future.

With the assured mail program, the Post Office is hoping not only to recoup revenues and business lost during the labour turmoil of last year, but to attract new business and, correspondingly, to increase revenues. It is with this in mind that the deficit for 1971-72 is estimated at about \$113 million, a reduction from last year, which is encouraging. This is the deficit we expect without any increases in the postage rates. Obviously, we must look to such increases if the gap between revenues and postal costs is to be narrowed significantly.

For 1971-72 the basic losses will occur in letter mail and second and third class mail. Although we anticipate a deficit of some \$30 million this year in providing service to the newspapers and periodicals, we are not now recommending any increase in these rates. This does not mean that we are not concerned with the substantial deficit. On the contrary, an in-depth study of the second class mail service is underway. In view of the historical concepts that have governed the fixing of rates for these publications in the past, and the fact that the last part of the phased-in increase in these rates took effect only a year ago, we are deferring the question of any further rate adjustments until our study is completed.

This year's loss on third class mail is expected to be just about \$38 million. This category covers printed material of various sorts, such as advertising circulars and catalogues, Christmas cards and small packages of merchandise that do not weigh over one pound. The postage rates for this class of mail were last adjusted in November 1968.

As you will have noticed in the bill, an increase to be phased in over two calendar years is proposed on letter mail up to one pound. In terms of the purchasing power of the dollar, the basic increase of seven and eight cents is actually lower than the four cent rate which came into effect in 1954. On very much the same basis, the new rates represent a lower charge to Canadians for the service provided than what the people of other countries, such as Britain, Germany, France, Australia and The Netherlands, must pay.

Mr. McCleave: May I ask the minister a question?