

Mr. Speaker, said report may be referred to the Standing Committee of the House on Government Operations.

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[English]

## CANADA POST CORPORATION

### PROJECTED BUDGETARY PLANS

**Hon. Michel Côté (Minister of Regional Industrial Expansion):** Mr. Speaker, I am pleased to announce today that the corporate plan of Canada Post Corporation for 1986-87 has been tabled in the House. The plan corresponds with the Government's concerns for improved and more reliable postal service in Canada and the need expressed by the Minister of Finance (Mr. Wilson) in his budget speech earlier this year to achieve a financial break-even point in expenses by the end of 1988-89.

It has been developed to respond to the concerns expressed by Canadians to the Marchment Committee when that group travelled from coast to coast to re-examine the mandate and productivity of the Corporation. This committee, headed by Mr. Alan Marchment, examined the complicated problems which plagued Canada Post and presented its findings in an honest and comprehensive report less than one year ago. The Corporation has recognized the importance of its findings and will implement key recommendations in the corporate plan. The plan, Mr. Speaker, will set a date for the establishment of delivery standards for properly prepared first-class mail in line with those of the Marchment report: two days maximum for local mail, three days within provinces and four days from province to province between major centres.

[Translation]

Mr. Speaker, the corporate plan sets a date for the establishment of delivery standards for properly prepared first-class mail in line with those of the Marchment report: two days maximum for local mail, three days within provinces and four days from province to province between major centres.

● (1600)

[English]

The Corporation will also take into account in this plan the need to improve the public's access to postal services in the most cost-effective manner and will, therefore, expand on the current role of the private sector in providing these services at convenient times and in convenient locations as well. In meeting the target of balancing its operations, its operating costs and expenses by 1988-89, as outlined in the February Budget, the Corporation is required to avoid increases in the basic postal rate of the scale the public experienced in past years of the corporation's existence.

The Corporation may apply for rate increases, but in the case of the basic letter rate these increases must be justified on

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the basis of such factors as inflation measured by increases in the Consumer Price Index.

In order that the Corporation does not rely unfairly on rate increases, Mr. Speaker, an interdepartmental working group is reviewing now the possibility of establishing an effective neutral third-party regulatory agency that will ensure that any postal rate increases are justified.

In assisting the Corporation in meeting its financial targets, the Government has taken note of the Marchment recommendation that Canada Post should be reimbursed in full for services it provides free or at reduced rates in order to implement certain government policies. These services include the likes of free mail for the blind and the transport of supply to certain northern communities at less than cost.

[Translation]

Mr. Speaker, Canada Post will be reimbursed in full, so that the groups concerned may continue to benefit from the services it provides free or at reduced rates, for as long as this form of assistance is part of the Government's policies.

[English]

The Corporation is also expected to contribute toward keeping postal rate increases in line by reducing its spending, particularly its overhead costs and to continue improving its productivity and efficiency in all activities.

Progress has already been made in these areas by the reduction, for instance, of senior management by 26 per cent by the end of this fiscal year and operational changes, such as, color coding the mail to ensure speedy processing.

In the current fiscal year, the Government is expecting to fund the Corporation's operating deficit to the amount of \$132 million as compared with \$184 million last year. In the next fiscal year the amount of funding is expected to be \$30 million and will be reduced to zero by 1988-89.

[Translation]

Since 1981, Canada Post has not invested sufficient capital to improve its facilities. Its fleet of vehicles (trucks and cars) has an average age of seven years, which we consider to be well above the normal replacement age.

So that Canada Post will have the capital it needs to improve its services—another recommendation from the Marchment Report—the Government has made provision for an increase of \$103 million in funds earmarked for Canada Post for this fiscal year, and an increase of \$161 million for next year.

[English]

In keeping with the Government's arm's length approach, the President and Chief Executive Officer of Canada Post Corporation will be holding a press conference today to explain in detail the directions and initiatives the Corporation plans. I believe that the plan developed by the Corporation's executive, in response to the clearly expressed opinions of Canadians and the orientation of Government guidelines, represents the best