

*Post Office Act*

of international mail, these have always been rejected. However, the last universal congress in 1964 adopted a resolution authorizing a study of the cost prices of forwarding, transmitting and distributing letter-post items in the international service. The problem is very complex because any system would require the setting up of expensive and time consuming control and accounting procedures at both the dispatching and receiving ends in Canada and the other member nations of the Universal Postal Union. There is no immediate solution in sight, but a serious study is currently under way and the results will be placed before the next congress to be held in Tokyo in late 1969. Therefore, there is no avenue open to us to solve the problem in relation to the United States or, for that matter, with any other country such as France, Great Britain and the Netherlands, with whom we also are at a disadvantage.

I should point out that in terms of total volume of second and third class mail handled in our service, the imbalance of international traffic, if we exclude that originating in the United States, represents very little. In fact, it has been estimated that this imbalance accounts for less than one-third of one per cent of our total traffic in terms of number of pieces handled. Our deficit attributable to the imbalance of traffic with the United States for second class mail is estimated at approximately \$3.5 million annually. With third class mail, however, the latest survey indicated that the flow of exchange seems to be in Canada's favour. Unfortunately, we have no recent figures on this particular type of traffic, but tests made four years ago showed that the imbalance favoured Canada by a margin of 13 per cent.

To return, Mr. Speaker, to the issue before the house; on second class mail rates my position is simple and I now sum it up. The deficit has continued too long; it is now at an unmanageable level; the time therefore has come to cap it.

Such a step involves certain inescapable difficulties. A situation unchanged for 17 years permits what is a privilege to be regarded as a right. In their representations to me, members of the publishing industry have argued that the increase even if justified—and here as readers of the *Ottawa Citizen*, *Toronto Telegram*, *Montreal Star* and many other newspapers know or may have noticed, there is a division in the ranks—is still too much too suddenly. The increase is considerable, and it must be if we are to make

[Mr. Kierans.]

any headway at all. The percentage increases appear large but are so only because the base rates until now have been so low. I am aware, and sympathetically so, that certain publications, simply because they have assumed a privilege was a right and was therefore immutable, have perhaps allowed themselves to become over-extended in certain areas. This is the reason why the increase is proposed to come into effect April 1, 1969, rather than on passage of this legislation, as is the case with first class mail. As for the allegation that the increase is sudden, this I cannot accept. This issue was raised in the house in 1964 and again during consideration of legislation last year. The publishing industry, I submit, has been well aware for some time that changes were coming and were long overdue.

The legislation before you will continue the subsidy on second class mail, not eliminate it. In fiscal year 1969-70 the sum, because of the increased rates, will be about \$39 million. At that figure of \$39 million the deficit on second class mail will comprise all but about \$1 million of the total deficit of the post office on all its operations. The figure is \$40 million on all our operations and \$39 million on second class mail. Also, the \$39 million figure will be substantially larger than sums disbursed by the government to other industries in the private sector such as shipbuilding and gold mining.

I am convinced that the amount of the increase, after a close study of all individual cases, is equitable both to the industry and to the general public. Anything more left as a deficit becomes unmanageable again and therefore becomes an inequitable burden upon the general taxpayer. The timing of the increase will, I believe, allow all publications enough time to take any action that may be needed to absorb the increased cost in the same manner as they regularly absorb unplanned increases in the costs of such items as wages and newsprint.

In the legislation before the house other amendments to sections 11 and 12 of the act have been proposed which would: (a) restrict the conditions for statutory mail rates; (b) reduce and simplify rate categories; (c) establish minimum piece charges; (d) increase rates; (e) restrict the free zone to weekly newspapers with circulation of 10,000 and to the copies of these papers that are addressed to post offices with no letter carrier delivery service; (f) abolish the preferred rates; (g) repeal existing local second class rate; (h) discontinue statutory rates for sample copies