

Supply

is the number one priority. The number one priority is to know that when a citizen mails a letter it will be delivered within a certain period of time. That is being addressed and we will all be able to know it.

The Marchment Committee also told the Government that the corporation should continue to be financially self sufficient in order to relieve taxpayers of the need to subsidize users of the postal system, beyond those subsidies specifically provided by Parliament. The corporate plan is aimed at ensuring that Canada Post will not require Government operating funds beyond the fiscal year ending March 1988. This financial turnaround which will ensure that future generations do not have to pay the postal costs of postal users today, will not be achieved through excessive increases in postal rates.

[*Translation*]

Mr. Speaker, postal rates, as the price of any other service, have to be increased from time to time. However, Canadians will no longer experience any large and unexpected increase in the cost of mailing a letter.

Canada Post has undertaken to base its future rate increases on inflation rate, that is the rate of increase of its own costs, and to limit the increase to 1 or 2 cents per year.

[*English*]

The other two factors which enter into the break-even equation are improvements in the efficiency of the corporation's operations and increased volumes, which translate into increased revenues. As I heard the Right Hon. Leader of the Opposition, that is what he was suggesting the Post Office should do. In fact, it is doing that. Increased volume comes from greater reliability and the two go hand in hand. The better the service you give the customer the more business the customer gives you. However, increased volume creates a net contribution only if additional costs incurred are significantly lower than additional revenues. To spend \$1 million to gain an additional \$500,000 worth of revenue is not really a paying proposition. Yet, that in essence is what the Opposition is talking about.

Price control through reductions in operating and overhead costs have been successful in the turnaround to date. These reductions occur as the amount of mail which can be processed mechanically increases. To this end the corporation is improving the processing capability of current equipment through modernization. The corporation is also purchasing state of the art equipment which reduces the number of times mail must be passed through it to be sorted. Improved productivity and improved reliability go hand in hand.

Introduction of state of the art technology is only one part of improving productivity. The other part is eliminating many of the restrictive practices which now prevent Canada Post from running its business on the same basis as any other business or industry. Those restrictive operating practices were embedded in the labour contracts Canada Post inherited from the previous Liberal Government when Canada Post was launched as a corporation five years ago. They stem from the days when

negotiations with postal unions were not carried on by the people who actually managed the postal operation, the only people who could really know the full implications of a proposed contract change. Those restrictions also resulted from legislation which was used to end postal strikes. Peace at any price was the motto, anything to make certain there was no postal strike while the Liberals were looking to re-election. In this round of negotiations, the corporation is seeking to end these restrictive practices.

The Right Hon. Leader of the Opposition thinks increased efficiency and better operation are the ways to get better service and reduce the deficit. That is in fact what I am told the post office is attempting through these negotiations, so I presume the Opposition is supportive of that initiative.

The Marchment Committee recognized that in years prior to becoming a Crown corporation, years of Liberal Government, wage increases in the Post Office outstripped those of both the private sector and other elements of the Public Service. The report also recognizes that we have to bring the over-all costs into line, not by asking employees to take salary cuts which would not be fair. I would not advocate, nor would the management of the Post Office, that anyone take cuts in wages won by hard bargaining in the past. However, Canada Post is asking for more flexibility to manage the corporation like a business so it can achieve the efficiency talked about by the Right Hon. Leader of the Opposition and we can provide the increased service for which everyone is asking.

[*Translation*]

Mr. Speaker, the Marchment Committee has also recommended that the Corporation should review its management structure in order to reduce the number of levels between its employees and senior management. This is the recommendation that has been acted upon the most rapidly by the Corporation. During the first year of its five-year plan, the Corporation has reduced to six the number of levels of its management. During the same year, it has cut the highest level of its management by 26 per cent.

[*English*]

Canada Post is cutting into the overhead. It has made a 26 per cent cut in upper management, as an example of the kinds of things it expects to happen so we can reach the efficiency and better service called for, while at the same time breaking even.

The Post Office is on the right track. We cannot cure 25 years of mess in just two years. Most importantly, we as responsible parliamentarians have to give Canada Post the opportunity to do that. We cannot continue to interfere politically for short-term political objectives or for short-term political motives and expect that this long standing problem will cured.

I ask all Hon. Members to try to be responsible and understand what is happening. I ask them to learn more about the Post Office and recognize we all have a responsibility. Yes, we have a political responsibility to try to get re-elected and