

*Supply—Post Office*

the premium that should be attached to giving priority of service to it. It has been suggested that it should carry a premium of 50 per cent. Certainly we in the Canadian Post Office Department have no such figure in mind; we suggest that a premium of 15 per cent or 20 per cent should be allowed. When I gave the figure saying first class mail costs in excess of 5 cents a piece, I have included the premium charge, not of 50 per cent but of 15 per cent for that service, and I do not think it is out of line.

We cannot bring all these figures into the committee, but if any hon. member has a special interest and if he is willing to come out, we will show him the data to show that instead of making 1.8 cents on each piece carried, as suggested in the Glassco report, we are actually losing a fraction of a cent on every piece that is carried.

I think this would be a good point to refer to two figures in the Glassco report, as I notice hon. members have several copies with them. On page 325 of that report you will see a reference to first class mail having a surplus of \$35 million, and if you turn over to the next page, and you adjust that to take care of omitted revenues and expenditures, that \$35 million drops sharply to \$19 million. This very same table shows that if you deduct the loss on registration and special deliveries, which are part of the first class mail service, the \$19 million drops to \$13 million, and if you add the 15 per cent for preferential treatment of first class mail you end up with a deficit instead of a surplus.

There is another factor that should be drawn to the attention of hon. members, namely that the last increase in first class mail rates was made over 10 years ago and in the intervening period costs, particularly wages and other staff costs, have been rising. Even with improved methods and new techniques deficits could not be avoided, and when I mention these new techniques I think hon. members should see them. Some of them are uncanny. Hon. members should visit the post office in Winnipeg and see some of the interesting work being done there. They should visit our head office at Confederation heights.

**Mr. Skoreyko:** You should see the work being done in Edmonton post office.

**Mr. Nicholson:** I have been there and we have our plans for putting in more special equipment there, but we can only do it if you give us an increase in rates.

People seem to be horrified that we might make a profit out of first class mail, but do

hon. members know that first class mail in Britain operates at a profit? In fact in the case of inland letters the surplus is 23.2 per cent of the income, which they use to offset deficits incurred on second class and third class mail. The United States also has a healthy surplus on first class mail operations. I want to point out that in addition to what we are trying to do to make first class mail stand on its feet, and not be subject to subsidy by the taxpayers, we have also taken steps to deal with second and third class mail.

I was particularly interested in references that were made to the costs of distributing newspapers and periodicals, published in the United States, through the Canadian mails. The O'Leary commission report estimated that Canada's loss on second class mail from the United States was approximately \$6 million on publications alone in 1960. I now give credit to the previous government because it corrected the situation in 1961. In July of that year the United States rate to Canada was increased, and as a result the loss on U.S. mail was reduced by nearly 50 per cent.

That is not good enough. Perhaps we should try to eliminate the other half, but it takes a little more time and there are a few more obstacles to overcome.

Another development which people have overlooked since the O'Leary commission reported was the establishment in 1961 of the 5 cents per pound rate on United States publications mailed in Canada. This compares with 1½ cents per pound on Canadian monthlies and 3 cents per pound on Canadian weeklies. That increase gave the Post Office Department considerably more than \$1 million a year. There is another factor in connection with periodicals published in other countries that is overlooked, namely, that a lot of them are not distributed through the mails. They come in by truck and are sold through the newsstands, at station counters and in the hotels throughout the country.

There is another commonly held assumption, one which I had myself until I did some research. There is a commonly held assumption that we are penalized, on balance, as a result of printed matter coming in from the United States suggesting that we buy certain things. In actual fact, this is not the case; we are just about in balance. A lot of literature goes out of Canada suggesting that people invest in our oil fields in the west, in our mines and other ventures in this country