

Post Office Act

identified as such, and justified on their own merits.

And, Mr. Speaker, this is what the house will be asked to do. The merit, need and purpose of the subsidy to the publishing industry might, at some other time, be the subject of debate by this house. That is a long term concern; our immediate concern is not the subsidy itself—it exists, it always has and I suppose it will continue to exist for a short time—but the amount of that subsidy.

That amount, I have to report, is reaching a staggering size. Second class rates were last altered in 1951, an even longer period than for first class rates. In that year the deficit, or subsidy, amounted to \$13.5 million; by 1965-66 the sum had roughly doubled to \$28.2 million. That doubling occurred over a span of 15 years. By next year, fiscal 1969-70, assuming no change in rates, we estimate a deficit or subsidy to the publishing industry of \$54 million. But note this, Mr. Speaker: this time the doubling of the size of the subsidy has taken place over a span of only four years, not 15 years.

This rate of progression cannot be allowed to continue. Over the past 10 years alone the Canadian public has disbursed a total of approximately \$300 million to publishers by way of a subsidy on second class mail rates, and all of this without debate or with very little debate by members of this house.

That, however, as I have just said, is not our present concern. What we propose to do in this bill is to cap the subsidy, to bring it under control for the first time in 17 years. At present our cost coverage for all types of publications, that is, revenues received as a percentage of audited costs, is 20.5 per cent. We recover approximately one-fifth of our costs in revenue. For some categories of publications—and I cite weekly newspapers as an example—we recover less than 10 per cent of our cost, 9.7 per cent to be exact. As a result of the changes incorporated in the bill, Mr. Speaker, our cost coverage for all types of publications will rise from 20.5 per cent to 53.5 per cent.

Here I would refer hon. members to page 11 of the financial statement distributed to them. They will note that we have graduated the cost coverage ratio according to different types of publications. In the case of weekly newspapers, which by their nature are the most economically vulnerable, the new cost coverage is only 13.2 per cent. These publications obviously will continue to be heavily

subsidized. For magazines, that segment of the industry most vulnerable to foreign competition, the cost coverage rises to 33 per cent. Finally, and here I am dealing with broad categories, for daily newspapers which in most instances enjoy a monopoly or virtual monopoly in their own area, the cost coverage is now set at 79.8 per cent.

● (4:00 p.m.)

In a parallel attempt to spread the burden as equitably as possible hon. members will have noted that while the per pound rate on the reading content of a daily newspaper is increased from 2½ cents to 5 cents, or doubled, the per pound rate on the advertising content has been increased from 4 cents to 15 cents, or almost quadrupled. If these increases sound large, it is only because we are working up from such a low base. Newspapers with a low advertising content and who are therefore more vulnerable for financial terms will gain relative to their better off competitors. As a result, the second class rate increases, in other words, comprise an integrated package.

Here I might mention one particular problem raised by the hon. member for Surrey which concerns the imbalance on second class mail between Canada and other countries. He asked, and I quote from *Hansard* page 935, "That the government renegotiate the international treaty which has involved us in losses and bring about parity with the United States..." My answer is a simple one: Sorry, no, not just yet. This loss is comprised in large part, as hon. members correctly assumed, by our imbalance of postal trade with the United States.

The principle of non-sharing of charges and of non-payment of terminal expenses to the administrations of other countries, as compensation for services provided on arrival of foreign mail, applies to all items of letter-post in the international service.

Since the foundation of the Universal Postal Union almost 100 years ago, this concept has been viewed as basic by its 137 member countries and their territories. Obviously the introduction of terminal charges by one country would mean that that country would be expelled from that union. There would be literal chaos in the transmission of international mail.

While many attempts have been made at the universal postal congresses to introduce some system of payment to compensate countries for the expenses incurred in the delivery