

*Supply—Post Office*

media of approximately \$20 million a year. However, this does not mean we should pay \$20 million or \$30 million per year at the expense of the general taxpayer, if only some people are using the mails.

Now, 55 per cent of our mail is first class mail and over 50 per cent of the first class mail carries the 5 cent rate, not the 4 cent rate. Our studies have advanced this far. The average cost of all first class mail is roughly 5 cents, whether it is local mail or whether it is mail that has to be moved a considerable distance by air, rail or water. I feel the time has come for us to take a firm position that the general taxpayer of this country should not be asked to subsidize the post office to the tune of \$10 million for the benefit of the people who are using first class mail or any other class mail that is largely commercial. We have already taken steps to correct the situation in the case of third class mail. Today third class mail, to the best of our knowledge and belief, is paying its own way. First class mail is not, as I will show you in a few minutes.

Before coming to that, and in case I may forget it, a lot of people, even members of this house, have the mistaken idea that when you increase a postal rate you increase taxes. Nothing is farther from the truth. When you buy a postage stamp, you do nothing more than get a little piece of paper that represents prepayment for the service which you expect to receive. If 55 per cent of the mail of this country goes first class, and a very high percentage of that is commercial mail sent out by business firms who are in business to make a profit, why should they not pay their share of the cost for using the mails? Why should the taxpayer pay the difference? It just does not make sense. I think the hon. member for Danforth says we should not start penalizing the users of first class mail and do nothing about the other classes. I agree with him. As I say, we have done it in the case of third class mail. In the case of first and second class mail, it can only be done by this house—

**The Deputy Chairman:** Order; I apologize for interrupting the minister, but the time allotted to him has expired.

**Mr. Nowlan:** Surely he has the consent of the committee to go ahead.

**Mr. Nicholson:** I should like to express through you, Mr. Chairman, my thanks to the committee for their indulgence.

I want to come back to that point upon which I touched earlier, why should you in-

[Mr. Nicholson.]

crease the mail rate, whether it is first or third when it is earning a profit. I said earlier that I entirely agree with that submission. Costs are related entirely to the handling charges, and the average cost of handling first class letters is approximately 4.3 cents; that is on the books as they were kept up to the end of March of this year, but this is not the full cost. I can assure you the full cost of first class mail on the average is just in excess of 5 cents.

I think the house is entitled to some explanation. By their very nature, registration and special delivery services are very closely integrated with first class mail. These services are recognized as part of the first class pattern. Now, it may be recalled that a few months ago the special delivery charges and the registration charges were increased. However, there is still a substantial deficit in both services, nothing of the magnitude of the other figures to which I referred, but there is still a deficit in the handling of special delivery letters and registered mail. This is all in the class of first class mail.

In addition there are some other elements that you overlook in the field of first class mail, I mean in addition to the items I have mentioned. There is something that was touched upon by at least one member in the earlier discussions we have had in this chamber, and that is, what is meant by first class mail?

The scope of the postal service covers a number of things, but its prime function is to carry letters. The service is geared largely to carrying letters. Accommodation, equipment and staff are organized to render priority service for first class mail. I do not think any informed person will deny that. Because first class mail takes up 55 per cent of the volume we must gear all our services to the handling of it. There have to be several pickups daily from mail boxes scattered all over cities, and in addition mail has to be dispatched more frequently than it otherwise would be. It is not a question of just one or two mail deliveries a day. In business areas most of the revenue comes from business mail and there we must have three deliveries a day.

Because we are performing such a service is it unreasonable that a certain percentage of the overhead that is allocated to that priority service should be charged to first class mail? Just think of the shuttle services that go on in any city. You see these pony express and other vehicles moving around continually. It is impossible to allocate to first class mail