

namely, that it is coming to a large degree out of post office services—the postal department; and the postal department, as I have said before, is always considered by the British Empire and the Canadian and Anglo Saxon people as a kind of sacred depository, and the people should know there is a contract in existence between the Post Office Department and the T.C.A. which gives them the opportunity of receiving this revenue. There is no complaint in regard to that. At the same time, each and every year we ought to review that particular contract to know where the money is coming from.

I have one further observation to make. I would like to ask this question. I find that on April 1st the rate of carriage of air mail was reduced; is that April 1st of this year?

Hon. Mr. HOWE: April 1, 1941. It is fair to say following your remarks that the Post Office is now making a profit out of the air mail portion of the stamps, and also that there are many rates in the United States which on the longer routes are considerably lower but on the shorter routes are higher. This is an over-all rate for long and short services, and you are getting down very much on a comparable basis with the States.

Mr. HARRIS: The majority of rates are lower.

Hon. Mr. HOWE: Yes, that is right.

Mr. SYMINGTON: May I put some figures on the record now relative to the discussion which might be of interest with respect to the Post Office?

“According to data prepared by the Post Office Department, there are on the average fifty letters to a pound of air mail, and the revenue to the Post Office is \$3 per pound. Of this \$3 the cost of ground service (sorting, delivery, etc.,) is \$1, leaving \$2 available as revenue to apply against payment to the air carrier.” That is, out of a 6-cent letter rate 2 cents goes to the credit of the post office for over-all expenses without the T.C.A. getting any credit for it and 4 cents is credited to the carriage of air mail.

“The table which follows indicates revenue received by the Post Office for the fiscal years noted (April 1st to March 31st) from airmail carried by Trans-Canada Air Lines and the corresponding payments to the company for the carriage of the airmail:

Fiscal Year	Pounds Airmail Carried	Postal Revenue at \$3 per lb.	Ground Service cost at \$1 per lb.	Postal Revenue available for payment to T.C.A.	Payments to T.C.A.
1938.....	172,640	\$ 517,920	\$ 172,640	\$ 345,280	\$ 877,115
1939.....	566,831	1,700,493	566,831	1,133,662	1,754,455
1940.....	990,631	2,971,893	990,631	1,981,262	3,088,674
1941.....	1,516,949	4,550,838	1,516,946	3,033,892	2,995,438

There is a surplus on the business from the 2-cent contribution of \$1,516,000 to apply to ordinary overhead, sorting, delivery, etc., and a surplus of \$50,000 roughly in actual earnings above what was paid the T.C.A. under the contract. That necessarily arises by the nature of the contract in that whatever other earnings the T.C.A. makes it reduces the post office earnings because there is a revision every year based upon what the line earns, and as your passenger and express revenues grow it brings down your air mail rate. There has been more mail; a 60 per cent increase in express; and the same percentage increase in passengers, has given the line more revenue which is applied to the air mail rate. I can see a great improvement in the situation.

Mr. NICHOLSON: If the 45-cent rate applied for the entire year, have you any idea what the surplus might be to the Post Office Department?

Mr. SYMINGTON: I think there would not be a surplus. I cannot give you those exact figures, but I have some figures from the Post Office Department.