

*Post Office*

A further cost factor is transportation, due largely to the rising cost of fuel. It takes a great deal of transport to move six billion pieces of mail a year. That transportation network runs on diesel fuel, aviation kerosene, diesel-electric locomotive fuel and gasoline. We now spend about 20 per cent more on transportation than we did five years ago.

[English]

Then there are wages. The Post Office employs about 63,000 people, second only to the Department of National Defence in its total of employees, and salaries account for more than 70 per cent of the operating costs of the department. Since 1968, wages of postal employees have risen by 120 per cent. Over the same period, postal revenues have risen by only 107 per cent. Thus, personnel costs outstrip revenues.

● (1522)

I should now like to turn, Mr. Speaker, to revenues. They are determined by two factors, mail volumes and postal rates. Volumes are continuing to grow but, disappointingly to us, at a slower rate than we once thought they would. Indeed, current volumes at just under six billion pieces a year are historically high, but are approximately one billion pieces short of our prognostications. In terms of parcel delivery, we find that volume is down as well. We are presently at the level we were 20 years ago, having suffered a 22 per cent decrease in our parcel volumes. Service disruptions, coupled with aggressive competition from other forms of communication, are the principal causes of this shortfall.

[Translation]

In the area of first class mail, our volumes are continuing to grow, but the mix in the mailstream has changed greatly over the past few years. Today we are heavily dependent on the movement of things like bills, cheques, statements, and so on, especially with the advent of those plastic credit cards, Mr. Speaker. This material now makes up about 40 per cent of all our mail, making us highly vulnerable to any changes in this market.

Also, electronic funds transfer is already undergoing embryonic growth, as members can see for themselves when they do business at their local banks.

[English]

With consequent adverse effects on revenues, mail volumes are threatened on several fronts. A further depressing effect on revenues exists with respect to the postal rates themselves. If the Post Office is to survive as a public service and to grow with the rest of Canada, it must solve the problems I have outlined and reverse the trends which are making increasing demands on scarce government resources. I want to emphasize, however, that we are fully committed to fighting inflation and we are already moving in the directions open to us. But we must seek new initiatives now and in the future if we are to improve control over our costs and increase our revenues. I have confidence in the Post Office management, which I consider is doing an excellent job in most trying circumstances.

[Mr. Blais.]

[Translation]

Mechanization is an important ingredient for success, as is public acceptance of the postal code. I am happy to report that business and the general public are now using the postal code on more and more of their mail. At the end of September more than 70 per cent of the national mail stream carried the postal code.

Of course, the most important elements in this equation are postal people. To make mechanization work and to maintain consistently high levels of service, we need full cooperation from all postal employees and their unions who in return, and I want to stress this, Mr. Speaker, must share in any gains achieved by mechanization.

[English]

Last month, Mr. Speaker, we signed a new contract with the Letter Carriers Union of Canada. In many ways this was a landmark settlement, because both parties approached the negotiations with a positive problem-solving attitude. Mr. William Dickie, one of the most professional conciliators in Ontario—and indeed Canada—said that he had never seen such a group of people on both sides who were so well prepared, who so fully understood the issues, and whose working relationship was so positive. We will continue our efforts to persuade all postal workers that their own interests lie in co-operative efforts to give the public the best and most economical postal service.

[Translation]

Better cost-control measures, increased productivity, and greater mail volumes will help to improve our financial position. By themselves, however, they will not arrest the growth of the deficit. To make any real impression they must be coupled with rate action that will bring in more revenue.

Mr. Speaker, the Post Office is sensitive to the effect of pricing on business-planning, as well as on the private pocket-book. One of the commitments we have undertaken in the past is that we try to give adequate time between pricing announcements and the implementation date, to allow business and the public to adjust to the new rates. Although I would have liked to have given a longer period of notice, I would hope that the more than four months we are providing in this case will prove to be sufficient.

[English]

We intend to implement a broad range of price increases to virtually all domestic and international rates, to become effective—and I stress, “to become effective”—on April 1, 1978. The basic first-class letter rate will rise to 14 cents, and there will be appropriate increases in other postal classes and services. Details of the new rates will be spelled out in a news release from my department to be issued today. Postmasters will be given details of the rate revisions immediately.

We estimate that for the fiscal year 1978-79 the increases will bring in about \$126.5 million in additional revenue. Along with cost control measures and other revenue-generating initiatives which I outlined earlier, they should make a sub-