

Post Office Act

progress of these studies will be rapid and they will be kept informed. Second, we intend from this point forward to consider the post office not as an institution but as a function, that is, not so much as an organization in the business of moving mail but as an organization in the business of communications and therefore as one arm of the over-all communications industry. Perhaps the most immediate effect of this change in outlook will be in the field of research and in the prevention of possible overlapping of communications services and hence waste.

Before moving on to consider a reduction of unnecessary services, I should explain to hon. members that changes in efficiency are geared also to better serving the public. Currently the rural mail contractor may seek an increase once during the life of his contract if the costs incurred by him in rendering that contract have risen. Under the new legislation he will be able to apply for an increase three times during the life of that contract. This will result inevitably in an increased cost burden on the post office, but it will benefit rural mail contractors who have in the past, on occasion, been seriously inconvenienced by current cost increases for which they lack the means or the power to compensate.

Since 1954, when the last adjustment of first class rates was made, "all up" air service has been restricted to letters weighing eight ounces or less. We intend to improve the service for first class letters over eight ounces. At present, an eight ounce letter prepaid at the regular surface rate is given air transmission, whereas the sender of a letter weighing nine ounces must prepay his letter at the air mail rate to get the same service. While this situation could be justified originally because of a problem of space availability on aircraft, this no longer applies.

In terms of reduction of unnecessary services, and hence of a lowering of the over-all cost burden to the general public, the house is aware of the principal steps we have taken. We have decided to abolish the post office savings bank for which no apparent need any longer exists. We have decided to abolish the six day delivery schedule.

However, Mr. Speaker, in respect of the latter reduction in service it has become apparent as a result of representations made directly to me, and by members here including the 35 men good and true and the hon. member for Gaspé (Mr. Cyr), that a five day delivery will cause serious hardship to Canadians living in rural areas who depend

upon Saturday delivery for, in particular, their newspapers. Hence, the six day delivery schedule will be maintained in rural areas. In making this decision we have been governed by the needs of our clients, the citizens living in rural areas, not by those of the newspapers though they will naturally be coincidental beneficiaries. As important as the principle that the user should pay for what he uses is the principle that Canadians, no matter where they are living, are entitled to equal government services to the maximum extent possible. This is why we charge the same amount for a letter sent from one address to another in Ottawa as for a letter sent from Ottawa to Resolute Bay, although in the latter instance we incur a loss. This is why, on the basis of social need and justice, I have instructed my officials to proceed with the discontinuance of Saturday delivery in urban centres where demand is minimal and to continue Saturday delivery in rural areas where the demand is substantial. Plainly this will reduce the gross amount of the projected savings, but I am confident some of the net loss can be recovered by our program already mentioned to amalgamate rural routes. In addition no matter the cost, the service is justified.

Let me say that we have already made efforts, and more will be made, to increase productivity and reduce unnecessary expenditures. A wide gap remains. It is of the order, as I have stated, of \$100 million this year and \$130 million next year. To close this gap taking into account the need for subsidies for those in rural areas and continued subsidies to the publishing industry, we have constructed an integrated scale of increases. Each individual increase is related, I would remain hon. members, to the others.

Third class mail rates, which are at the discretion of the minister, have already been increased. As hon. members will note on page 3.2 of the financial statement, which sets out the effect of those changes in a full fiscal year, the two categories of third class mail, domestic and international and unaddressed householder, which would have been in a net deficit position of just under \$30 million next year will be brought almost to balance at a deficit of \$1.5 million.

In the instance of first class mail, which is covered by the legislation before you, a forecast deficit of \$28.7 million will be changed to a surplus of \$12.4 million. Second class mail, also covered by the bill, will shift from a forecast deficit of \$54.6 million to \$39.1 million. The specific changes proposed for first