

*Bell Canada Act*

● (1510)

[Translation]

**BELL CANADA ACT**

## MEASURE TO ENACT

**Hon. Marcel Masse (Minister of Communications)** moved that Bill C-19, an Act respecting the reorganization of Bell Canada, be read the second time and referred to the Standing Committee on Communications and Culture.

He said: Mr. Speaker, I welcome this opportunity to rise in the House to move second reading of Bill C-19, drafted following the reorganization of Bell Canada in 1983. The purpose of the Bill is to ensure that Bell Canada continues to meet its obligations to the Canadian public, and it establishes a number of regulatory powers so that the company's telephone service customers will continue to pay fair and reasonable rates. The reorganization took place as a result of the rapid changes taking place within the technological and economic structure of the telecommunications industry in Canada and abroad.

In recent years, the telecommunications industry throughout the world has been under tremendous pressure to adjust to the changes that have taken place in technology and the economy. The very foundations of this industry have been affected by developments in computer science, digital technology and radio and optic sciences. Consequently, the new generation of telecommunications products is faster, more innovative, more efficient but also less costly. At the same time, there is a growing number of users, especially large international businesses, that depend on these products for the efficiency of their operations. These businesses demand hi-tech products and services at relatively low cost.

Many countries have felt the increasing pressures of competition in providing the products and services of this new industrial era. In a sector that, at the beginning of this century, was typically a monopoly situation, we now see an increasingly competitive situation, especially in the United States, Great Britain and Japan.

We are also seeing many countries that are responding to the demand created by new technologies and their economic dimensions in particular, by bringing about tremendous corporate changes. Take for instance the privatization of British Telecom in Great Britain and the reorganization of AT&T in the United States which was obliged to divest certain activities. These are some of the most striking examples in the history of the industrialized world. Today, other countries like Japan are considering similar changes.

In 1983, Bell Canada was re-organized in response to the same sort of economic situation I just described. According to the new structure, Bell Canada Enterprises Inc. has become

the new holding company of the Bell group whose headquarters is located in Montreal. The companies belonging to the Bell group are now organized in such a way that Bell Canada and its monopolistic subsidiaries like Tele-Direct publications, Bell Northern Research Ltd. and Telesat Canada, are separate from the other subsidiaries that are either competitive or regulated by the provinces. These subsidiaries include Northern Telecom Limited, Bell Canada International Inc., Bell Canada Ltd., Tele-Direct (Canada), Bell Communications Systems Inc. and the telecommunications companies subject to regulation by provincial governments. The purpose of the new structure is above all to make a very clear distinction between regulated monopolistic activities and competitive, non-regulated activities, so that these groups can meet the increasing pressures of international competition.

As stated by Bell Canada, and I quote:

The continued success of the company will mainly depend on its ability to maintain its front-line position amid the rapid technological developments that are spurring on a number of its subsidiaries. If the company is to sustain the pressures of ever-increasing competition, it will also have to be both very flexible and very dynamic. The structure of the Bell group is intended to provide for the best possible utilization of all its resources. The re-organization was designed with these objectives in mind.

The need for innovation, competitive ability and new capital investment is in line with the objectives and vision of Canada's future as expressed in the Speech from the Throne and set forth in the agenda for economic renewal by the Minister of Finance (Mr. Wilson).

The Department of Communications is preparing studies with a view to formulating a Canadian telecommunications policy based on these objectives. Consequently, the Government, and especially my department, supports the reorganization of Bell Canada.

Because of its major capital resources, research and development activities and human resources, Bell Canada has always been one of Canada's greatest assets. It has become more than just a company. It is a Canadian institution.

The Bell Canada group plays a major role in our industrial infrastructure: as an operating company in Ontario, Quebec and the Northwest Territories and as a holding company with a minority interest in a number of provincially regulated telephone companies in the Atlantic region. The company also contributes directly to the Canadian economy. In 1983, Bell Canada itself had 54,423 employees, and its operating revenue totalled \$4.8 billion, while the company had assets of \$10.9 billion.

In addition to providing systems and services, the Bell Canada group has created in this country a substantial research and manufacturing capacity thanks to its very competent administrators and staff. The group of companies includes Northern Telecom, one of the largest manufacturers