

B.C. Telephone and Telegraph System

and the purchasers may know, the opinion of this house and of the member who represents a constituency where a large area is dependent upon this service. The government and the purchasers will thus learn the conditions which we feel should be covered in that transfer concerning the protection that should be afforded to the public with respect to continuation of service, and to employees of the government system with respect to their seniority rights if they transfer to the service of the purchaser, and also with respect to their superannuation rights.

Now, I do not think I need to go into much detail, Mr. Speaker, as to the importance of this question to the area served. I believe it will be sufficient if I say that by and large it is a comparatively sparsely populated area, a portion of which lies in my constituency. It is mainly farm and ranch country, including the territory from Ashcroft and Lytton to Lillooet and the whole of the Cariboo and Chilcotin range area. There are some settled communities, but by and large it is sparsely populated country with quite rigorous winter conditions. It will be seen that the maintenance of telephone communications is a very real consideration to the inhabitants of a country of that sort. It is, therefore, from that point of view first that I should like to say a few words on the matter; that is from the point of view of the continuation of service to those presently using the government-owned system.

As a result of such information as I have been able to obtain on this matter in answers to questions that have been asked in the house, I find that an important consideration arises in relation to the price to be paid by the purchasers. When the minister announced on November 12, 1953, that negotiations had been concluded to the point where he was able to say the system was being sold, he told us the purchase price was \$1.5 million. That is the total price to be paid by the two purchasers together.

I asked on February 3, 1954, for information as to the value of the system, and as reported at page 1734 of *Hansard* for that day, the minister informed me that the system had been valued by the Department of Transport at \$4,436,000; by the Canadian National Telegraphs at \$3,776,000 and by the British Columbia Telephone at \$2,357,000, but the telephone company valuation covered only a portion of the system. I should say that those valuations were based on the replacement cost of the system, depreciated as of June, 1952. It will be seen, therefore, that the total purchase price of \$1.5 million to be paid by the purchasers is just about

one-third the valuation made by the Department of Transport, and well under half the valuation placed on the system by the Canadian National Telegraphs as a result of their survey.

The fact is that the purchasers are getting a system the depreciated replacement cost of which exceeds by two or three times the amount that they are paying for it. There is a considerable concession being made from the point of view of purchase price. This being the case, Mr. Speaker, not only are we entitled to ask why that small purchase price, in terms of its relationship to the actual replacement value of the system, is being paid; we are entitled also to insist upon the most stringent assurances that the purchasers will be bound to continue the service, even in those areas where the service might not operate at a profit.

I think it is true to say that in some of these sparsely populated areas where there is a long telephone line, it is obvious the number of subscribers paying for the use of the line will not be enough to produce an actual operating profit. The system is being sold to a private company that is in business, and can only continue in business, on the basis that it makes a profit on its over-all operations. I make no criticism of the private company from that point of view; that is the only way they can continue to operate. The point I am making is that they might be tempted to say, well this line obviously does not operate at a profit and we should discontinue the service there until such time as the population increases so we can show a profit or at least operate without a loss.

I maintain that since they are getting this concession with respect to the purchase price, there must be the most absolute conditions written into the terms of sale so the companies will be required to continue the service to these sparsely populated areas. I should like an assurance from the minister that such a provision will be written into the terms of sale.

I believe, too, that we should have assurances that the terms of sale will contain satisfactory restrictions on the right of the purchasers to apply for rate increases. It is true that, in this respect, both the British Columbia Telephone Company and the Canadian National Telegraphs come under the board of transport commissioners. However, neither the railway company nor the telegraph company has displayed any undue reluctance in applying to the board for increases in rates where they feel such increases are necessary if they are to continue profitable operations. Once again I point out that if they are to take over this system