

Adjournment Debate

Mr. Speaker, I would like to conclude by saying that advertising leaflets prepared by Agriculture Canada about the programs to be implemented during the periods of shortages in animal fodder are still available in all Agriculture Canada offices and I hope that the help provided by the Department of Agriculture to western farmers will compensate the deficits they are experiencing this year.

● (2220)

[English]

CONSUMER AND CORPORATE AFFAIRS—CALL FOR
INVESTIGATION INTO REASONS FOR B.C. TELEPHONE RATE
INCREASE

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, my statement tonight related to a question I asked on May 6 of the Minister of Consumer and Corporate Affairs (Mr. Ouellet). I asked whether he would inquire into some of the reasons behind the proposed increase in the B.C. Tel rates which are currently before the CRTC and, if he found that the capital investment program which was associated with those rates was not in the best interests of the consumers, would he intervene in the rate hearings.

I will give some of the background behind my question. B.C. Tel is proposing to spend approximately \$2.5 billion in a capital expansion program. They are asking the consumers to foot the bill. What it will do is provide them with an automatic switching system. That is the guts of it.

What the minister has to do in this inquiry, on which we have no information at the present time, is to look into what the subscriber is getting for this \$2.5 billion investment. They are getting an automated system which, it is acknowledged, will provide no better service to the consumer. In fact, it can be demonstrated that there will be a reduction in certain kinds of services they now enjoy.

There will 850 lay-offs throughout small communities in British Columbia. This will cause tremendous economic dislocation. It means the withdrawal of approximately \$17 million a year payroll from communities which have no other economic alternatives. What is curious is in order to arrive at this economic dislocation, loss of payroll and disruption of their economy, people are being asked to make substantial increases in the amount they already pay B.C. Tel.

Something else they are obtaining for their \$2.5 billion contribution is the continuation of a very poor quality of service. Many people in the province of British Columbia feel that the B.C. Tel system provides a service that is of poorer quality than the telephone system in Bangladesh. The CRTC was sufficiently concerned about it to hold quality-of-service hearings in British Columbia. The public was not allowed access. The commission failed to produce the report in time to allow interveners in the present hearing to use that information to argue intelligently against the rate increase currently proposed.

According to the evidence at hand, an extremely poor labour relations package will result. Company-labour management policies will result in a tremendous disruption of service. I

would not be surprised if at the bottom of it was B.C. Tel's strategy to demonstrate to the CRTC through a rather intricate means that they require more money.

What does B.C. Tel get out of it? They jack up their rate of return from a current 12 per cent to 14 per cent. They get a Cadillac in terms of an automated system without the appendages of employees they now have. They continue a rather healthy profit picture, which was seemed to be in excess in 1976 when they had to return money to the consumers. This investigation is necessary. I firmly believe that the result, if it was done with diligence, would show that B.C. Tel, which is owned by a foreign-owned multinational corporation, is contemplating a capital investment program that is in the interests of the company's investment program, not in the interests of the consumers of British Columbia. In the final analysis, the question the people have to ask is whether the system is needed. The vice-president of General Telephone and Electronics, which owns the controlling interest in B.C. Tel and all the subsidiaries relating to it, basically stated this. Vice-president of finance William Harrison, in a publication put out as an in-house publication of General Telephone and Electronics, stated that basically the electro-mechanical switching which was already in place and paid for by previous rate increases by the subscribers in British Columbia was going to provide satisfactory service into the foreseeable future. Now they want to take that equipment we have paid for, and from which we are obtaining service, and which they feel will be satisfactory, and throw it out and buy a bunch of automated equipment from their subsidiaries and charge us the bill for it. Frankly, I do not think that is an acceptable procedure.

● (2225)

I suspect that if the minister's response follows true to form we will have one of three answers tonight to this particular dilemma—the one they call the oil company response, that is, “we are still looking at it”; or the credit card rip-off response, which is that the company is right, or what I call the automobile secret warranty scam, in which case “it is not my fault or my responsibility.” I would certainly be encouraged if they had taken some positive action on behalf of consumers in the province of British Columbia and looked seriously at this problem and intervened by putting some serious questions before the CRTC. Thank you.

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Postmaster General): Thank you Mr. Speaker. I want to congratulate the hon. member for his question and his concern for consumers and workers in his riding. Coming from a province where there is a strike against the New Brunswick Telephone Company, which is in its one hundredth day, I can sympathize with some of the points raised by the hon. member.

As the hon. member knows, the CRTC regulates in the public interest all federally chartered telephone companies. In the case of a request for a general increase in rates the CRTC usually holds a public hearing to offer the public an opportunity to intervene and test the telephone company's case for an