

Adjournment Debate

knows, condones and approves of the gross waste of funds which affect Bell Canada, for obvious reasons, in the way Bell Canada conducts its affairs.

The *Toronto Star* summed it up pretty well in a recent article on its business page when it said:

Bell Canada, dragged down by a large loss and huge write-off from 54 per cent owned Northern Telecom Ltd., reports an almost non-existent net profit for the final quarter of 1980 and a lower profit on the year—

Bell said yesterday it had a lower fourth-quarter profit on operations of \$92.2 million or 49 cents a share compared with net profit of \$104.2 million or 62 cents a year earlier. But including a \$90 million charge resulting from the Northern Telecom write-off, final net was \$2.2 million, with no net earnings applicable to common shares.

I read this excerpt for a specific reason. In the U.S. Northern Telecom lost \$185 million. In Canada it made a profit of approximately one-half of that, something in excess of \$90 million. The question is, who in our country is subsidizing this profit picture? Obviously it is the telephone subscribers in Ontario and Quebec. Northern Telecom showed huge losses in the U.S., where it has to meet competition. In Canada it has a sweetheart deal whereby there is little or no competition, thanks to the weird relationship the CRTC and the Canadian government are prepared to condone. Again, who subsidizes this situation, and why should it be?

Bob Scribner, a former top executive who resides at Vero Beach, Florida, retired from Northern Telecom about a year ago. As a gesture of appreciation, presumably in lieu of a gold watch, he was given the use of a Northern Telecom aircraft for a year. He happily flies all over the place, including going to places and meetings which have nothing to do with Northern Telecom, and this is done presumably at the expense of the shareholders. Perhaps he flew from Vero Beach and back for the last shareholders' meeting; I do not know. The question is, who pays for the huge U.S. losses and company lavishness for its directors? We do.

Bell Canada's rates are based on returns on assets and, therefore, losses in the company's operations, wherever they take place, are of great concern to consumers. If equipment is being sold at artificially high prices here in Canada—reflecting lack of competition—to subsidize heavy losses in the United States where Northern Telecom cannot meet competition, Canadian consumers are subsidizing this operation with every telephone call in the same way they will be subsidizing the purchase of Petrofina with every gallon of gas which they buy. In the latter case there is supposed to be some Canadianization involved. There is none in the way they are subsidizing telephone calls. Why is the government allowing this conflict of interest to persist whereby the chief executive officer of Bell has a similar capacity—in the sense that he is chairman of the board—and has a substantial part of his salary paid by Northern Telecom? Why do company directors have private jets at their disposal to take them to directors' meetings such as the one in West Palm Beach this February?

I am not against private enterprise, needless to say, or a company rewarding its management in an appropriate way as long as it is not a fraud against the shareholders or as long as

it does not affect consumers where there is a monopoly involved, as is the case with Bell.

● (2205)

There are certain questions I should like to ask tonight, but I do not have the time to put them all forward. I should like to know whether the government, the CRTC or the Minister of Consumer and Corporate Affairs and Postmaster General (Mr. Ouellet) would see fit to check them out. For example, I am informed that a very plush, lavishly-furnished apartment is in existence in London for the use of Northern Telecom executives. Does it include a Jaguar and a full-time chauffeur? Is there an apartment like that in Florida? Why do Bell and Northern Telecom executives frequently take trips together on the excuse that this is done to entertain customers? Perhaps a closer analysis of this would reveal that the entire process is probably a facade.

Northern Telecom makes lavish use of jets. They are used extensively by Northern Telecom executives. Most of the time they fly practically empty. Usually a number of them end up going to the same place, each carrying only one or two persons. Mr. de Grandpre, Walter Light, Mr. Ebey and Mr. Thackray, Northern Telecom executives, all have residences in New Hampshire. Does Walter Light view the New Hampshire place as his permanent residence? I hear he only rents an apartment in Toronto. Are corporate jets used to fly these people to New Hampshire? It is interesting to note that very often Friday meetings are scheduled at out-of-the-way places, which then paves the way, as an excuse, on the way back to stop in New Hampshire for the weekend.

The head office of Northern Telecom, on paper, is in Montreal. However, practically all the executives are in Toronto. This is another facade. For what purpose? The 1980 board meetings are an example. Less than 50 per cent of such meetings were held in Montreal.

As I mentioned before, when Mr. Scribner retired, instead of being given a gold watch, he was given the use of a Northern Telecom jet for a year. I will continue at some later time; I realize my time has expired.

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Postmaster General): Mr. Speaker, the results of interrelationships between telecommunications concerns in Canada have recently received an increasing amount of public attention. As the hon. member for Central Nova (Mr. MacKay) indicated, the recent announcement of losses by Northern Telecom raised the question of the extent to which such losses will be subsidized by increased rates charged to the subscribers of Bell Canada, Bell Canada being the majority shareholder of Northern Telecom.

Since 1967 the interrelationship between Bell Canada and Northern Telecom has in one form or another been under investigation by the director of investigation and research, the Department of Consumer and Corporate Affairs' main anti-combines enforcement officer. Early assessment of the relationship convinced the director that formal charges could not