

*Bell Canada Act*

When this Bill was in committee, the CRTC itself indicated that Clause 12 as drafted was sufficient to the commission's needs. For these reasons the Government does not support the proposed amendment. Clause 12, as currently drafted, together with the other powers available to the commission, is more than adequate to permit the CRTC to regulate Bell Canada effectively and at the same time protect the interests of its subscribers.

*[Translation]*

**Mr. Jean-Robert Gauthier (Ottawa—Vanier):** Madam Speaker, I am taking part in the report stage debate because the Hon. Member for Mount Royal (Mrs. Finestone) who spoke before me has asked me to explain why the Liberal Party will not support Motion No. 2 of our colleague from Broadview—Greenwood (Ms. McDonald), whose amendment reads as follows:

"in respect of any affiliate in the same manner and to the same extent as if the affiliate were the Company."

Indeed, this amendment would give the Company powers which, in our view, are now amply covered by the CRTC.

*[English]*

I would like to start by saying that we will support the amendment of the Hon. Member for Mount Royal (Mrs. Finestone) to Clause 7 because it gives us—I think I mentioned it at second reading—some assurance that Bell Canada will not become involved in the cable or broadcasting industry. That is the purpose of the amendment, and I would like to support that.

Speaking to Clause 12, the Hon. Member for Broadview—Greenwood (Ms. McDonald) has proposed an amendment which I understand was suggested to the legislative committee by CN-CP Telecommunications. CN-CP observed that Clause 12 would give the CRTC power to compel production of information in the possession of the parent company, Bell Canada, but not information in the possession of Bell Canada's affiliates, for example, Northern Telecom. CN-CP recommended that Section 12 be amended to include affiliates of Bell Canada. The Member for Broadview—Greenwood now proposes an amendment of similar effect. I want to explain why we will not support the motion.

The Hon. Member for Mount Royal was concerned about whether Clause 12 gave the CRTC sufficient powers to demand information from Bell Canada's affiliates. She wanted to ensure that the CRTC was given and is given sufficient regulatory powers to gather information from all the members of the group to ensure that the CRTC had the power to detect intercorporate subsidies, known as cross-subsidization among the members of the Bell group. In other words, the Member for Mount Royal was concerned about the possibility of the Bell group assigning to Bell Canada some unprofitable and high risk activity so that any losses incurred by the company would be subsidized by charging higher rates to Bell Canada's telephone subscribers.

The Member for Mount Royal was concerned, as is the Hon. Member from Broadview—Greenwood, that Bell Canada would be allowed to cross-subsidize its competitive businesses from revenues derived from its monopoly in the telephone business. For example, the Member for Mount Royal wanted to know from the CRTC if it was in a legal position to examine the recent acquisition by Bell Canada of BCSI, Bell Communications Systems Incorporated. She wanted to find out if Bell Canada paid a fair price to the members of the Bell group and if Bell Canada had to cover any of Bell Communications Systems Incorporated financial losses. My colleague, the Hon. Member for Mount Royal, was concerned about ensuring that the CRTC had the legal right to obtain information about the \$1.5 billion contract between Bell Canada International Incorporated of Ottawa and the Government of Saudi Arabia to determine whether telephone subscribers in Canada were or could be subsidizing Bell's work abroad. Therefore, when the CRTC appeared before the legislative committee, the Hon. Member for Mount Royal asked about the CN-CP proposed amendment to Clause 12 of the Bill.

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The Hon. Member for Mount Royal put to the witnesses the amendment the Hon. Member for Broadview—Greenwood has put to the House today and asked the representatives of the CRTC if in their opinion they thought it was necessary. The Vice-Commissioner of CRTC Telecommunications, Mr. John Lawrence, and legal counsel for the CRTC both told the committee in unequivocal terms that not only was the amendment my colleague is proposing today not necessary but they went so far as to say that due to a recent decision of the Federal Court of Appeal, such an amendment could restrict rather than expand the right of the CRTC to gather information.

I requested and received transcripts of those two meetings. Pages 219 and 220 of the transcript of the April 28 committee meeting read as follows, beginning with the Hon. Member for Mount Royal speaking:

—I wonder if the amendment that would be useful for you would be an amendment in clause 12 that would state something to the effect that: "... and to and in respect of any affiliate of the company engaged in a telecommunications activity in the same manner and to the same extent as if the person or affiliate were the company". Is this what you require in this particular amendment in Clause 12? What would be required to ensure that you first of all get the required access to the necessary information organized in a way that is useful?

**MR. J. LAWRENCE:** Under the present provisions of the National Transportation Act regarding Bell Canada as interpreted in the Interprovincial Pipe Line case in the Federal Court of Appeal, it was held that a parent company can be required to disclose information from all of its subsidiaries in a form required by the regulator. By virtue of this interpretation of the provision of the National Transportation Act, we think the present provision in clause 12, which in effect says that BCE will now be treated the same as Bell Canada would under those provisions, is going to be adequate without adding the word "affiliates" into the clause.

The Hon. Member for Mount Royal then went on to ask another question which was answered as follows: