

were \$202.8 million, up 33.5 per cent over the first quarter in 1983.

Bell Canada also has cumulative deferred taxes totalling \$1.5 billion to the end of 1983. Bell Canada has had federal contributions to help it grow. In 1980-81, it received communications grants of \$170,000 and a science and technology grant went to Bell Northern for research. In 1981-82, it received communications grants of \$40,000 and part of a share grant of \$330,000. It got a science and technology grant for Bell Northern of \$924 million. In 1982-83, it received a communications grant share of \$300,000, External Affairs export sales assistance of \$179,000, an industry co-op project grant of \$159,000, and a science and technology grant of \$1.6 million. This permitted Bell, as I indicated earlier, to begin a very rapid program of takeovers.

● (1610)

According to the May 7, 1984 edition of *The Financial Times*, Bell Canada Enterprises was in the process of buying a United States printing firm, Case-Hoyt. Also, Bell acquired a controlling interest of 42.3 per cent in TransCanada Pipelines for \$605.5 million. Further, Bell acquired a 95.6 per cent interest in Comac Communications in 1982, and acquired Alphatext through its subsidiary, Ronalds-Federated Ltd., in 1982. Alphatext publishes *Homemaker's*, *Madame au Foyer*, *City Woman* and *Western Living*. It also acquired the B.C.-based Commercial Telephone Systems in 1982.

While Bell was making these acquisitions, it was also very generous to its senior executives. Again according to the May 7, 1984 edition of *The Financial Times*, the Chairman and President of Bell Canada Enterprises, Chief Executive Officer de Grandpré, received a salary in 1983 of \$658,000, up 19.4 per cent from 1982. This excludes a non-cash benefit worth up to \$25,000, as well as \$290,000 as future retirement allowances. Just a few days ago it was reported that Mr. de Grandpré had received an increase for this year of 29.6 per cent, raising his salary to \$853,000. The 1983 salary of its Deputy Chairman, Mr. Tropea, was \$312,000, up 6.4 per cent, not including the cash benefit of up to \$25,000 and the \$90,000 expenses for future retirement allowances. Executive Vice-President Innes received \$206,000, and the chairman and chief executive officer of Bell Telephone received \$505,000 in 1983. In 1984, compensation to Bell Canada Enterprises executives amounted to \$3.63 million, for an increase of 30.4 per cent. While the company was being that generous to its chief executive officers, its unionized employees were held to increases for this year and the next two years of 2 per cent, 2 per cent and 3 per cent.

In our view this Bill does not meet the promises of the Prime Minister when he was Leader of the Opposition that a Government under his direction would work out and bring forth a real national telecommunications policy. In our view this bill gives Bell Canada everything it wants. It permits it to siphon off those companies or fields which do not come under regulation. There are an increasing number of them. As well it leaves to the communications system, the regulated part, a very small

part of its business. It lets the company go on to bigger and better profits. This will be very useful to the officers and shareholders of the company, but it will be nothing but trouble for the people of Canada. Therefore, we intend to oppose this Bill here and in committee.

Bell Canada Act

Mr. Tom Hockin (London West): Mr. Speaker, I am pleased to participate in the debate on this piece of legislation. The Bill has been well explained by the Minister. The historical progress of the telecommunications industry and its effect on Bell Canada were well outlined in what he had to say. I do not want to repeat at any great length the points the Minister made, however I would like to give my perspective as a Member of Parliament who has in his riding a number of Bell employees and as someone who has taken a look at the difficulty in Canada of striking a balance between having highly competitive, strong international industries and protecting consumers.

In many ways this Bill is a litmus test of what a Government will do on matters of this sort. We want to encourage Canada to build large, effective and highly competitive industries in this modern age, especially in the telecommunications area where we are faced with fierce competition. At the same time, there are few utilities which are of more basic importance to average Canadians than telephone services. There are shut-ins who depend upon telephones. There are those living on limited incomes who, as one of their few luxuries, can afford telephones. They cannot afford expensive rates. We have the hotel industry and many others which depend upon reasonable telephone rates, not upon high or expensive charges. A balance always has to be struck between helping a major company and protecting consumers.

I trace the genesis of this Bill, to some degree, to the important sales of Bell Canada to Saudi Arabia some years ago. In the contract, billions of dollars worth of business was brought to Saudi Arabia through Bell Canada. The great expertise and experience of Canada in that field was used to assist that country. The contract was an extremely successful one for Bell Canada. It made the company more internationally important and competitive. It helped Canadians as well as Saudi Arabians. In the process of generating great revenues and indeed reasonable profits, Bell Canada found that the CRTC wanted to consider it as part of its ordinary revenue and to diminish somewhat its request for rate increases. I cannot go into the merits of the total request for rate increases which Bell made and the CRTC's injunctions to restrain its increases. However, what emerged in that instance was the fact that Bell Canada, to some degree, was being punished for reaching out and searching for an important international market. Somehow, if it made millions of dollars, it suddenly decreased its claim for a reasonable increase in telephone rates. The Canadian Government and the CRTC were faced with trying to strike the balance between encouraging Bell Canada to be internationally at the forefront of its industry and protecting Canadian consumers. I believe that particular market opportunity is what led to the reorganization of Bell Canada.