

nor, it seems to me at least, of basic importance.

The minister reported to the committee on Tuesday, April 22, that at the Radio and Television Association Convention in Seattle, a communications expert delivered this description of the uses of which a United States satellite system might be put. He read this list:

An instructional television fixed service;

Community antenna television which would allow widely scattered institutions to tie into a central information computer complex;

Satellite interconnection for a system of linking universities and college libraries;

Nationwide newspaper distribution;

National credit card checking;

National air traffic control;

Medical training and diagnostic centres.

Other possibilities were mentioned—it seems the list can be expanded almost endlessly.

Honourable senators, I must apologize for the lengthy and somewhat uncoloured analysis of this bill. It is a complex bill, but with an understandable aim to retain control by government for obvious reasons of necessary protective policies, and yet invite and encourage participation of the public in the common carrier companies.

Let me here restate finally what a domestic communications satellite system can fulfill of our present Canadian needs.

First, it can provide television coverage in the north and in underdeveloped regions. There is no other economic way this can be done at the present time.

Second, it can provide telephone and message communication service to the north and to regions not yet developed to bring these areas into the mainstream of Canadian life by high quality telecommunications.

Third, it can extend television service simultaneously in both languages to all Canadians. "This satellite", said the minister, "will broadcast both in French and in English; in short, it will speak the language of Canada."

Fourth, it can establish a second and supplementary service to the existing east-west microwave network so as to insure telecommunications from coast to coast.

As stated by Dr. MacIntosh, the Canadian Government financial consultant, there may

be considerable controversies as to what is the best way of financing, but it is factual that this type of stock is glamorous, that it should be easy to have accepted by the public. Those who have witnessed the financing of "Comsat" in the United States know full well the most favourable reception it received there. The public support of Comsat shares has optimistically continued ever since. No reason or argument can be found here that would warrant reservations on the part of Canadians that it will not have the same financial public acceptance among our Canadians.

In a recent conference the President of American Telephone and Telegraph, stated that in 1975, 80 per cent of their revenues will come from the data transfers. This should in some illuminating way show the possibility of the gigantic success that will come to this company.

Comsat has now been in existence for five years. When its stock appeared on the over-the-counter market five years ago, it was only a matter of a few hours before the \$200 million offering was snapped up. In the first four minutes of trading Comsat soared \$7 a share above its offering price of around \$20. Its price per share advanced to \$71.50 in a relatively short space of time. Comsat has justified investor interest in becoming an unqualified technical success. Last year it posted an operating profit of close to \$1 million.

Yesterday, at the beginning of my presentation, I was required to give some very specific estimates on the costs, the annual revenue and the rate of return. It must be understood that we have nothing to go by as precedents, but we do know certain facts that enable us to reach these figures.

These are the underlying assumptions. The amount of capitalization: a cash flow projection shows that a total capitalization in the order of \$60 million will be required. The bill does not prescribe a specific ratio for debt and equity except that it provides for the issuance of common shares, preferred shares and debt. This matter will be resolved by management after incorporation. For the purpose of estimating revenue requirements, it is assumed that the capitalization will consist of \$30 million in common shares and \$30 million in term debt at an 8½ per cent interest rate.

As to annual revenue, it is assumed by these figures or the figures that follow, that all six channels of the initial satellite will be leased at the start of operations in 1972.