

*Bell Canada Act*

responsibilities as a telecommunications carrier and bring it under federal jurisdiction.

The next clause, Clause 11, contains a provision requiring the CRTC to approve the disposal or sale of Bell Canada shares, all of which are now held by Bell Canada Enterprises.

Clause 12 will allow the CRTC to obtain information from Bell Canada Enterprises relative to the regulation of Bell Canada's operations.

Clause 13 contains provisions which allow the CRTC to decide whether particular telecommunication services offered by Bell Canada should be carried out on a competitive or monopoly basis.

The amendments adopted by the standing committee during the last session affect present Clauses 6, 7, 11 and 13. In addition to these amendments, Section 6(2) was amended during report stage debate on Bill C-19 in the House. Section 6(2) is the section that limits the advance payment for telephone service that Bell Canada can charge to six months. The amendment allows the continuation of the historical six month provision but also gives the CRTC the flexibility to set appropriate terms of payment as conditions change.

Clause 7, Mr. Speaker, is the clause that contains the existing statutory prohibition against Bell Canada holding a broadcasting licence. The CRTC originally recommended that legislation be enacted to prohibit Bell Canada and all other members of the Bell group from holding a broadcasting licence. However, during the standing committee's deliberation on Bill C-19 several witnesses stated that the clause would impose undue restrictions on Bell Canada Enterprises and its competitive subsidiaries.

Accordingly, at that time, Clause 7 was amended to specify that only Bell Canada and its subsidiaries may not hold a licence but that Bell Canada Enterprises and its other affiliates may apply to the CRTC for a broadcasting licence. That amendment was carried out as a result of the deliberations of the standing committee. The amendment put forward by the standing committee was accepted by the Government because of the wishes or the arguments of the standing committee. It may be that that clause among others, but that clause in particular, may want to be revised by the members of the committee when it is before them.

The third amendment adopted by the standing committee affects Clause 11 which deals with the approval or disposal of shares and facilities. As you know, Mr. Speaker, for many years Bell shares were widely held by thousands of shareholders. Now there is only one shareholder to Bell Canada, namely, Bell Canada Enterprises. Clause 11 would give the CRTC an opportunity to examine proposals which might effectively transfer ownership or control of Bell Canada to a province, a foreign interest or to a Bell competitor.

Since the object of this section is to prevent a change in control of Bell Canada without regulatory approval, an amendment was put forward and subsequently adopted by the

standing committee to the effect that CRTC approval would only be required for share sales on transfers that would result in Bell Canada Enterprises ownership falling below 80 per cent.

The fourth clause which was amended by the standing committee is Section 13. It reads:

Orders requiring undertaking or divestiture of activities.

This section contains two provisions which are commonly referred to as the "in" and "out" power.

A major feature of the Bell re-organization was the intended division of activities that are subject to regulation from those other activities which are to be conducted in non-regulated subsidiaries of Bell Canada Enterprises.

To prevent cross-subsidization of competitive activities by monopoly activities, subsections 13(1) and (2) give the Commission powers to order Bell Canada to undertake an activity provided by an affiliate not subject to a sufficient degree of competition. This is what is known as the "in" power. On the other hand, the CRTC can also order Bell Canada to divest itself of an activity that the Commission determined was sufficiently competitive not to require regulatory supervision. That is known as the "out" power.

Amendments adopted by the standing committee do, I believe, clarify the fact that provincially-regulated affiliates of Bell are not affected by the "in" power. They also ensure that activities which would not otherwise be subject to regulation under the Railway Act, if conducted by Bell, cannot be the subject of an order. Finally, they require the application of a more restrictive test before the Commission may order the company to undertake an activity or to divest itself of that activity.

*[Translation]*

Mr. Speaker, I want to take this opportunity to commend all committee members for the outstanding job they did during the previous session. The document submitted today attests to the thorough study of the contents of the Bill and the basic understanding of the issues involved. Committee members will of course have a further opportunity to examine this Bill, and I can say in advance that I will be pleased to consider any recommendation they might make.

In concluding, Mr. Speaker, I believe the Bill under study takes fair account of the interests of Bell Canada subscribers as well as those of Bell Canada Enterprises and their shareholders. I stress the fact that the CRTC does need the powers provided under the Bill to continue efficiently to regulate telephone services made available by a monopoly.

*[English]*

I have studied the recommendations that were put forward by the standing committee when this Bill was previously considered by the House and by the standing committee in its deliberations. I think they did a very good job in analysing the various clauses in the Bill and in making recommendations that improved them over-all. It may be that they will want to