

Bell Canada Act

This point was made by the workers when they were discussing this part of Bill C-19. They pointed out something which I think should be read into the record in order that all Members of the House can hear it. They said:

We think that if the CRTC were to proceed with this, it could have a negative effect on the working conditions of our members, their job security, and their right to collective bargaining. We also feel that this provision could be very bad for subscribers in general, in terms of duplication of services, inefficient use of resources, and the repair, upkeep and administration problems that would certainly result in increased costs to consumers—it costs between \$30 million and \$40 million to set up an independent subsidiary to provide multi-line or data services, and that since the income generated by those activities would no longer have to be integrated into Bell Canada's revenue base, rate increases could result.

• (1410)

The spokespeople for the workers went on to say:

Finally, we believe that section 13(2) is superfluous, because the purpose of the bill, which is deregulation, could be achieved by implementing section 14.5(1) of Bill C-20 and by introducing an adequate cost allocation mechanism.

We would argue that because this activity was taken care of adequately in Bill C-20, there is no necessity for keeping it in this particular Bill, Bill C-19. Therefore, we are moving that it be deleted from the Bill.

[Translation]

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, before starting debate on the content of this clause, I would like to draw your attention to the fact that Bill C-19 is an Act respecting the reorganization of Bell Canada. And I hope that, if at any given time, there should be a decision to deregulate or make any other changes, and Bell Canada is being considered, this is not done by an order in council but by an Act of Parliament, here on the floor of the House, and not by an order made behind the scenes.

[English]

Having said that, I am really very concerned since this is the last of the amendments we will be debating. I bring to the attention of the House the fact that Bell Canada, Ma Bell, was established as a telephone company by a special Act of Parliament. I hope the time will never come that it will be deregulated, split into little tiny pieces and become a fond memory through regulation, through an Order in Council or by a government directive. Should any major change ever take place to Ma Bell, it should be done on the floor of the House of Commons with open debate.

Having said that, I would like to speak to this amendment. Clause 13(1) ensures that a telecommunication activity of a Bell Canada affiliate cannot become dominant in its market without attracting regulation. Clause 13(2) provides that the CRTC have a means to prevent Bell from engaging in unfair competition by having the CRTC order the divestiture of the competitive activity.

My following proposed amendment does not change the basic intent of this clause but it does introduce more precision regarding what types of activities may be ordered to be undertaken by the company and under what circumstances the commission may order the power. I think one of the things that

is lacking all the way through the Bill is fine precision. It needed a fine tuning and it did not get as much fine tuning as it should have gotten. It was originally presented by Mr. Fox, the former Minister, and he recognized that it was a good Bill but needed fine tuning. Unfortunately, we have diluted the Bill.

The amendment I had proposed is that the commission may use the power as follows:

Where on any matter before the Commission or of its own motion, the Commission determines as a question of fact that an activity of the Company is a competitive activity, the Commission may, where it is satisfied that such action would constitute the only practical and effective means of achieving—

I may have added only a tiny little word, but it makes a very important difference to subscribers.

The divestiture order is a device which the Federal Communications Commission has employed with success in the United States in an effort to limit the market power of the dominant carrier, AT&T, and foster the development of a more competitive environment. Chaos was the result. It would, however, remain open in this instance to Bell Canada to engage in such activities in Canada through a separate subsidiary.

The stifling effect that a dominant carrier such as Bell Canada can have on the growth of competition is a product not merely of its size but also of its monopoly control of basic telephone services. Access to revenues generated by monopoly services creates the distinct danger that these revenues will be used to subsidize competitive activities regardless of any structural separation ordered by the CRTC, to the detriment of competitors which have no monopoly revenue to draw upon and all at the expense of the telephone subscribers. This scenario is a very unfair one. It is unfair to the subscribers, particularly since the subscribers may never have the opportunity to defend themselves.

In response to questions about some of the arguments presented by the Chairman of the Board and Chief Executive Officer of Bell Canada Enterprises to the Standing Committee on Communications and Culture, which can be found in the minutes of proceedings and evidence of December 17, 1985, the Chairman maintained that the corporate reorganization which created Bell Canada Enterprises has not changed Bell Canada as a regulated monopoly one iota, to use his words. However, the creation of a parent which has absorbed all equity and controls the capital flow to the subsidiary clearly has an impact. This is obviously the case when the parent maintains that it is and should continue to be unregulated.

With the regulated telephone company and the unregulated parent, there is a potential conflict of interest as to where and when there should be upgrading or concerted interest in Bell Canada Telephone as compared to all the other industries in which it is involved. I am concerned that when the parent company maintains that it is and should continue to be unregulated, profits from the subsidiaries and particularly Northern Telecom and Bell Northern Research, as well as research and development done by Bell Northern Research, no