

This is the first "mixed corporation" to be set up by the federal Government. It follows roughly the suggested pattern of Corporation "Cansat" as proposed by Power Corporation and its associates in 1966, but assures certain government control.

The legislation was drafted to ensure that Telesat would not encounter some of the pitfalls of the U.S. Communication Satellite Corporation Comsat. That is to say, Comsat's Board, by law, is split among the Government, the common carriers, and the general public in a fixed proportion. If ownership changes, the Board cannot change to reflect the new situation without a special act of the U.S. Congress.

Telesat Canada will avoid this particular problem. It will give the Board the right to determine its own makeup, provided it reflects the ownership.

The company will not be a Crown corporation. The bill gives no guarantee of government control. The Government need not even be the largest single shareholder.

The authorized capital is 10 million common shares without par value and 5 million preferred shares with a par value of \$10. The Government is limited to \$30 million worth of shares, although it can lend the company up to \$40 million beyond its original investment. The bill provides the guarantee that all facilities must contain as much Canadian content as is economically possible.

The bill provides also for a 30-day delay period for the minister to consider all proposals for satellite or ground station construction, which is a check on the corporation's power.

Telesat will be governed by the same regulations as other telecommunications companies, but it must be noted that the Government is presently engaged in a thorough policy review of these regulations.

It should also be noted that after the investigation task force report next year, or late this year, the regulations structure is likely to be streamlined. The Canadian system will operate entirely outside the international network of the International Telecommunications Satellite Consortium and will not conflict with it. Intelsat still has not settled on a final policy for domestic satellite systems, although some progress was made at Washington meetings recently.

It is predicted by officials that the eventual outcome of the Intelsat negotiations will give individual countries the option of operating their own satellites or getting space segments

from Intelsat. This leaves Canada as free as the United States and the USSR to follow its own plans as long as they will not conflict with the International Satellite System established by international agreements and participations. This puts Canada in a position quite distinct from that of France, which is proposing a satellite system to compete in the North Atlantic area with the Intelsat group.

It is quite conceivable that Telesat Canada might be asked to provide specific international services, for example, from the United States to Alaska. Later I will come back to this. Of course this would be negotiated between the governments involved.

[Translation]

Before we proceed with the study of the bill, may I call your attention to an article published in the February 24 issue of *Le Devoir*, in view of the national importance and the international implications of this legislation. I quote:

The Intelsat international consortium now has five satellites, three above the Pacific and two above the Atlantic, linking coast to coast through thousands of telephone, telegraph and television circuits.

The agency technically became "global" in April with the addition of a sixth satellite above the Indian Ocean. The U.S.S.R. however, has so far refused to join Intelsat and even intends to create its own system, to be known as Intersputnik.

Intelsat in fact has a dual structure; on the one hand, a Board of Governors including representatives of 18 countries, on which the United States, with 53 per cent of the votes, wield a virtual veto power;—

—Canada has a 3.5 per cent share, corresponding to a \$5,000,000 holding—

—and, on the other hand, a private operation management agency, Comsat, which is totally American owned.

Most of the other countries, in particular those of Western Europe, would however be in favour of vesting wider powers in the assembly and would like to see Comsat replaced by an international secretariat which they consider would be better suited to the world-wide nature of the organization.

This, it seems to me, fully stresses the importance of a Canadian system of telecommunication by satellite.