

Railway Act

a Conservative Government and has been supported throughout the years by this Government and others. The amount of \$75 million was announced in the February 26 Budget for 1986-87 and \$375 million over five years, an increase of 6 per cent for cultural industries. For the film and video industry, \$33 million in 1986-87 and \$165 million over five years, was announced on July 17, 1986. For book publishing, \$13 million in 1986-87 and \$65 million over five years. That is an increase of 25 per cent announced on June 18, 1986. It included an additional \$4.8 million for the Canada Council over two years for publishing. The list goes on. For music and recording, \$5 million in 1986-87 and \$25 million over five years was announced on September 26, 1986, just a few weeks ago. These figures indicate that the Government certainly cares about the communications and cultural industry, which will continue to grow and prosper under us.

I should like to address the Bill before us. Canada is a big country. We are talking about a change in the Railway Act. I am sure some people wonder what that has to do with the communications industry, why we have to legislate through the Railway Act. There might even be those people who would say that we should be introducing a Bill to make some changes in our railroads. That may well come too.

However, while we are debating a change to the Railway Act, we are debating a Bill which originally concerned the communications system of the railways. Most of us are aware of the telegraph poles along railway lines. Of course today the communications industry operates on a much different scale with microwaves and satellite receivers.

I do not think many of us realize the necessity of the telephone today. Perhaps we have come to take it for granted in many cases. Certainly many of us would find our lives a lot different if we did not have a telephone system. In our vast country communications represent an essential link between all people. Canada's very existence as a country depends upon reliable and efficient communications. This is why we identify communications and telecommunications, particularly the telephone service about which we are talking today, as services that should be available to all Canadians at a reasonable cost.

● (1230)

Canadian industry has been very responsive to the needs of the country. Our needs have been met and continue to be met with innovative solutions that are among the best in the world. The quality and affordability of our telecommunication services are world class. Statistics show that Canada has one of the highest rates of access per capita in the world. More than 98 per cent of Canadian homes have at least one telephone. We also have the distinction of being known as the people who talk the most on the telephone. We have achieved a telecommunication system to be proud of through the strengths of our telecommunications industry working in concert with government regulators.

The regulatory process itself has played an essential role by maintaining a careful balance between the revenue requirements of the industry and the essential social goal of making universal telephone service available at affordable prices. And, as the CRTC demonstrated not too long ago, the regulatory process does work. In the period from 1979 to 1984 when inflation was rampant the telephone companies were granted regular rate increases. Since this Government was elected, the process of economic renewal has begun, inflation has been tamed and the CRTC has acted accordingly in ordering rebates and rate reductions to take into account Bell Canada's improved financial situation. These rate reductions should further stimulate economic growth, and both business users and residential subscribers will benefit directly from them.

In recent years we have seen the introduction of an element of competition in telecommunications and this trend is likely to continue. We also recognize that to be viable and prosperous our industries must be competitive in the world market and we support their endeavours. In keeping with this new environment, the Government is committed to reducing the regulatory burden on industry. The market must be allowed to operate if Canadian entrepreneurs are to maintain and augment their competitive edge in an increasingly unified North American market. However, as long as local telephone service and other essential services continue to be provided on a monopoly basis, the public interest must be protected. The Government must remain vigilant about possible negative impacts. Affordable, accessible, universal service must be maintained and the interests of consumers upheld, even as entrepreneurial development is encouraged.

As more and more services are deregulated, it is certain that the cost of regulating will decline. However, new problems are likely to arise making it more than ever necessary to maintain an effective regulatory process. The regulator must have the means to ensure that monopoly profits are not used to subsidize the competitive activities of the company. Without such safeguards, Madam Speaker, the interests of the telephone subscriber could be endangered, as could the principle of fair and equitable competition.

Bill C-4 respects these goals. On the one hand it establishes the regulation of the industry on a full cost recovery basis. On the other hand, it ensures that the quality of regulation can be rendered immune from cost cutting. Placing the regulation of telecommunications on a cost-recovery basis will provide a powerful incentive for the CRTC to keep tight control over expenses, because regulation is an open and public process. With the passage of Bill C-4, the costs associated with the activities of the CRTC will be recovered directly from the industry rather than forming part of the Government's over-all fiscal framework.

This element of public accountability, which could make the cost of regulation an issue at public rate hearings, is an incentive to achieve a regulatory process which is both efficient and cost effective. The amounts that this Bill will recover from the industry may seem rather small in comparison with the