

Railway Act

[English]

Let me now cite some of the more specific conditions and objectives which the proposed Bill is intended to serve in the telecommunications industry.

The industry has been regulated throughout most of its history. The predominance of regulation reflects the presence of natural monopolies in the telephone business which result from the considerable economies of scale that prevail in the construction and operation of telecommunications networks. Regulation also reflects the essential nature of telephone service and its perceived importance to the social and economic wellbeing of all Canadians.

• (1150)

The proposed legislation before us today is intended to amend the Railway Act to permit the CRTC to set and to collect fees from the carriers it regulates. Following the passage of this legislation, the CRTC in consultation with Treasury Board will be authorized to devise a fee structure for recovering the administrative costs associated with regulating the telecommunications companies under federal jurisdiction.

The CRTC currently regulates six telecommunications carriers pursuant to the Railway Act and to various so-called "special Acts" pertaining to these companies. The companies are Bell Canada, the British Columbia Telephone Company, CNCP Telecommunications, Telesat Canada, Northwest Tel and Terra Nova Tel. Together they account for more than 70 per cent of Canadian telecommunications assets, revenues and subscribers. The \$6 million to be recovered in 1986-87 represent less than 0.1 per cent of the annual operating revenues of the six carriers.

Since the Bill was tabled for first reading in October, Hon. Members have had the opportunity to review the draft legislation and to comment on its various provisions. Several of the firms affected by the proposed law have also made representations before the Standing Committee on Communications and Culture. Some Members, and several of the carriers, suggested that the Bill contain a specific reference to the objective of cost recovery.

[Translation]

Mr. Speaker, this is why the Government moved an amendment which was unanimously endorsed by the committee.

[English]

An amendment to this effect appears in the Bill now before you for third reading, Mr. Speaker. We believe that this should alleviate any remaining concerns about the magnitude of the fees to be paid by the industry.

As we have informed the House previously, the amounts recovered from the carriers in 1986-87 and in subsequent years will correspond to the costs incurred by the CRTC in regulating the telecommunications industry. At this time I would also like to reiterate our support for full consultation with the

carriers prior to the assessment and implementation of the fees. For this purpose, and specifically to ensure a fair and equitable distribution of fees within the industry, we expect that the CRTC will conduct a public inquiry to develop a formula for determining the fees to be paid by individual carriers. Following its normal practices, the CRTC will no doubt wish to solicit the views of the public and the industry on the best manner of distributing and collecting these fees. I am certain that Hon. Members and the federally regulated telecommunications carriers can confidently rely on this process to produce results which are fair to the industry and its subscribers.

The cost recovery measures, as set out in the proposed Bill, are similar to arrangements which are already in place in several provinces. From all reports, these measures are regarded as an effective and fair means of shifting the financial burden of regulation from taxpayers in general to those companies responsible for incurring the expenses.

[Translation]

That, Mr. Speaker, is the main purpose of this Bill, besides the fact that we want to reduce the deficit to boost the economy and create jobs. We want to make sure that, contrary to the present situation, expenditures incurred by the CRTC to manage and regulate the industry will be charged directly to the industries involved, not to the taxpayers.

[English]

Up to now, the CRTC has not had the authority to collect fees for the regulation of telecommunications carriers subject to federal jurisdiction. Nevertheless, at present, the CRTC does collect over \$30 million annually in licence fees from Canadian broadcasters and cable operators under its jurisdiction.

One result of Bill C-4 will be to place federally regulated telecommunications carriers on the same footing as the broadcasting industry. Thus the cost of regulation, under the proposed Bill, will be distributed more evenly between the telecommunications and broadcasting sectors.

[Translation]

Finally, Mr. Speaker, this Bill will help the Government reduce the deficit.

[English]

The approval of this Bill will permit the CRTC to recover those costs associated with the regulation of the telecommunications carriers subject to federal jurisdiction. It will also place the regulated telecommunications industry on a more equitable basis with the broadcasting industry which already contributes to the recovery of the costs of its regulation through licensing fees.

On that note, Mr. Speaker, I wish to present C-4 to the House for third reading.

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I am pleased to rise to speak to Bill C-4, an Act to amend the