

Mountains served by the Government telephone and telegraph services, and located in the northern areas of the province. Honourable senators will keep in mind that in a country like northern British Columbia distances compared with population are great; and the expenses necessary to provide the system with better equipment and facilities have been very large.

I would submit that while as a general rule monopolies are undesirable, telephone companies are essentially, by their very nature, more or less monopolies. You cannot have two systems in one. It would drive everyone crazy. It is advantageous to have an organized single company operating in the cities and outlying communities. People in cities, and certainly those in rural communities, get better service once everything comes under the wing of a big and efficient organization such as the British Columbia Telephone Company.

Perhaps honourable senators would be interested in some information about long-distance telephone services. In 1950 the company completed approximately 5,479,000 originating long-distance messages, and in 1956 the total was approximately 10,588,000, a gain of over 93 per cent. It is estimated that the originating long-distance messages completed in 1957 will considerably exceed this figure, and there is a continuing indication that the toll service demand will increase each year.

There is another peculiar situation in regard to telephone service, and I think it would be interesting if some honourable senators were to ask the company officials about this in committee. Incidentally, most of what I am going to say now is based on something I worked out myself and I may not be entirely right. Ordinarily when a business expands, its operating cost become less per customer. But it is a different matter with a telephone company. For instance, if a telephone company increases the number of its subscribers from, say, one thousand to ten thousand, then the service available to each customer is increased proportionately. There are that many more numbers that each subscriber can call.

Hon. Mr. Macdonald: And the company's revenue is increased proportionately.

Hon. Mr. Farris: That is only partly right, for an increase in the number of telephone subscribers requires a more complicated and expensive operation. In other words, it takes a much more complicated and costly exchange system to serve, say, a hundred thousand customers than ten thousand. Instead of being able to adopt a system of

profits that applies to ordinary business, the telephone company finds that in many cases the cost of increased service exceeds the revenue derived from it. I will go only that far now. I am merely giving honourable members something to think about, and if they want to pursue it they can get the whole story from the company officials in committee.

Hon. Mr. Macdonald: I was just seeking some information.

Hon. Mr. Farris: I appreciate that.

Hon. Mr. Macdonald: It also occurs to me that each subscriber would get better service.

Hon. Mr. Farris: I guess he would.

Hon. Mr. Isnor: You would not say that the greater the number of subscribers the smaller the company's net profit is?

Hon. Mr. Farris: I am not so sure about that. I know there is something in what I say, but how reliable it is you will have to find out in committee.

Honourable senators, I have spoken of the past. What about the future? This company is a progressive one and, as I say, is serving over 90 per cent of the citizens of British Columbia. The recent growth of population in that province is only an indication of the much more rapid growth that will take place there in the next few years.

I endeavoured to get, within the limited time at my disposal, some of the estimates of the British Columbia Electric Company. Mr. Dal Grauer, the president of that company, has made some public statements recently about the amount of money that his company will have to spend in British Columbia in order to serve its customers. Some of the figures are so astonishing one can hardly believe them. I will try to make them available to honourable senators in committee.

Honourable senators, with your permission I would like to read a little more from this memorandum prepared by the British Columbia Telephone Company, and I take it that what is set out here can be backed up by officials of the company in committee. This is, in part, what the memorandum states:

Due to the very large number of telephones placed in service over the past five years, the facilities in many manual central offices have been exhausted. This growth has necessitated the conversion of a considerable number of these offices to dial operation, involving additions to present buildings and, in some cases, the erection of new buildings.