

Communications Satellites

Present plans foresee the launching of the first satellite Anik I for the end of 1972, and the start of commercial operations early in 1973. The second satellite will be launched after six months of satisfactory operation of the system. This second satellite will thus offer a maximum degree of system reliability, and the same capacity as Anik I, for the number of usable channels. The third spacecraft will be kept on the ground as a standby.

Furthermore, in their remarks, the hon. member for Brandon-Souris and the hon. member for Hillsborough have said that there was a lack of documentation, that no figures were available and that we were groping in the dark.

Allow me to give a few other figures. Amounts in the neighborhood of \$30 million were mentioned in the motion for tabling of papers. It is important to consider that the Canadian telecommunications industry is among the most sophisticated in the world. Its investments are estimated at more than \$5 billion, a figure which will double over the coming decade if this industry keeps its present rate of growth.

Canada also has the longest micro-wave system, 50,000 miles, on a per capita basis. It comprises three main relays, owned by public corporations in the telecommunications field, such as the Trans-Canada Telephone System and Canadian National-Canadian Pacific.

I still have many notes before me. The information they contain is public and they are available to hon. members.

As other hon. members wish to speak, I shall let them have the floor. As for the reservations expressed by the hon. member for London East (Mr. Turner), I cannot, at this time and after reading them, be in favour of the production of papers.

Mr. J. Roland Comtois (Parliamentary Secretary to Minister of Communications): Mr. Speaker, I think I should also take exception to two notices of motions of the hon. member for Hillsborough (Mr. Macquarrie) who is asking for a copy of the agreements between private companies supplying spacecraft to Telesat Canada. Such a request is based on the fact that these matters are of no public interest or of no interest to Telesat Canada, a private concern.

The agreements referred to in the notice of motion could be either the sub-contractor agreements negotiated between Hughes Aircraft and the two Canadian firms for making components for the spacecraft of Telesat Canada, or else the agreement under which the two Canadian companies will participate in building other similar telecommunications satellites whose number—it was given a while ago—could reach 15 and which Hughes Aircraft hopes to sell on the world market.

In either case, it concerns agreements between Hughes Aircraft and two Canadian sub-contractors, Northern Electric and Spar Aerospace Products Limited. Telesat knows the terms of the sub-contractor contracts concerning satellite construction, but is not a contracting party. Mr. Speaker, I think that is important. The arrangements Hughes Aircraft and the two Canadian companies made regarding their participation in the production of similar satellites for future customers were negotiated between the three private corporations which are the ones concerned and not Telesat.

[Mr. Trudel.]

That is why it would be impossible for Telesat to make public all arrangements of which it could be aware and which would bind Hughes Aircraft, Northern Electric and Spar Aerospace Products Ltd. in view of a future market where other customers are involved.

Mr. Speaker: I am sorry but I must interrupt the hon. parliamentary secretary; the time provided for private members' business has now expired. The House now resumes the debate interrupted at 5 o'clock.

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed consideration in committee of Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequent upon the amendments to that act—Mr. Lachance in the chair.

The Deputy Chairman (Mr. Lachance): Order, please. I being six o'clock, I do now leave the chair. The committee will meet again at eight o'clock.

At six o'clock the committee took recess.

AFTER RECESS

[English]

The committee resumed at 8 p.m.

On clause 1—section 135: *Deduction in computing income.*

Mr. Orlikow: Mr. Chairman, when I spoke this afternoon I tried to put on the record the difficulties which this legislation, as it is now drafted, will create for credit unions. The difficulties which will be created for co-operatives are even more serious because up to this point the government has refused to make any changes in the legislation despite the most strenuous objections by the co-operatives and, I understand, despite the very careful and moderate representations made in private to the government by representatives of the major co-operatives.

The president of the Saskatchewan Wheat Pool has made the position of his organization with regard to the legislation very clear. He has said that the proposed amendments will give a choice of a formula based on one-third of income or 5 per cent of capital employed. He has said:

This results in forced imputation of taxable income and is not acceptable.

In its news release the Saskatchewan Wheat Pool said:

The proposed formula of 5 per cent of capital employed compares with 3 per cent at present. It would be introduced gradually, over a ten year-period.

We feel that this formula has no basis in reason and must be discarded.

Co-operatives are prepared to pay tax at the ordinary corporate rate on any earnings retained by the co-operative. Earnings returned to the member should become part of his income.