

the CRTC to develop but I think they are looking for flexibility just as much as we are.

Mr. Fortier: Your statement is jurisdictionally you accept to being under the thumb of the CRTC?

Mr. Boucher: If I understand the question, would it be any different if we were not in that category. I think as things are developing now, I doubt they would be any different. I doubt we could develop in such a way which would be different from what is envisaged by the CRTC, for instance.

Senator Prowse: May I have a supplementary on this? In effect you really provide a public utility, don't you?

Mr. Boucher: Well, our service is a luxury and again by limitations, it is certainly not a necessity. The more penetration restrictions there are and legally, there have been many—there have been instances where this has been tested and legally, no. In intent and fact, no, we do not; because it is a luxury item.

I think the proper way to examine it is: what are we really, if not an extension to the customer's antenna? We could be renting rooftop antennas instead of the facilities of a system. There are alternatives.

As you are well aware from presentations before this Committee, there is also the alternative of the home antenna. It is finally being appreciated by broadcasters and the Government, that if cable was denied to carry certain programming or certain programmes on stations that are available in the air, the population will merely revert to household antennas. So in that sense we cannot be considered a public utility.

Senator Prowse: Aside from the fact a person can provide their own plant, the same as I could provide my own electric light plant for that matter...

Mr. Boucher: Yes.

Senator Prowse: You pretty nearly need to have an exclusive territory. Are there cases where you have got two or three different CATV companies available to customers in the same area?

Mr. Boucher: No.

Senator Prowse: Or do you have exclusive territories? That is the point I am getting at.

Mr. Boucher: The exclusive territory is not a necessity. It has never been a fact of life from a legal point of view; but from a practical point of view, you cannot exist side by side, you see.

Mr. Allard: The Commission would allow you to live side by side. The Commission grants exclusive licenses.

Senator Prowse: Aside from them licensing, what I am getting at is the practicalities of the business. You would hardly have two or three cablevision companies laying cable and trying to go into the same areas in competition with each other. Would this be a practical type of thing? This is what I am trying to find out. Is it the type of business that, by its nature, really requires an exclusive franchise in an area in order to efficiently, effectively and reasonably serve the public in the area?

Mr. Boucher: I think from the point of view of efficiency you are quite right; but the industry is very young and who knows... There could be changes. As it is today, it is merely business sense that another cable operator will seldom—and I say "seldom" because there has been one case that I know of—wish to overwire.

Senator Prowse: He might race you for an adjacent area but he is not going into an area you are already in.

Mr. Boucher: Yes, that is right. There has been one thing that has been exaggerated somewhat in our industry. I say "somewhat" because some of the articles that have been written about the huge profits involved in cable are pure myth. I think the DBS Reports certainly bear that out.

The point is the customer can only afford so much and there are practical economies of serving a specific area and there must be a return. You must figure in your return, operating profits.

The Chairman: I would remind Senator Prowse that he is on a supplementary question.

Senator Prowse: I am still following in the same line. However, I am subject to being clipped any time.

The Chairman: We are all trespassing on Senator McElman's time, that is all.

Senator Prowse: I am sorry.

The Chairman: Go ahead, please.