

Telesat Canada Act

considerations. All these factors compel a significant government involvement; but that involvement should not, in my judgment, be majority ownership. Such a situation would make impossible significant share ownership by the public at large. The interests of the government, however, and also those of the other "block" partners, the common carriers, are protected by clause 33 which requires a two-thirds majority of the total votes before any changes can be made in the objects of the company. This means that either the government or the common carriers, together with any single owner of a single share, can prevent any change in policy by the corporation detrimental to their interests. Together with this justified protection there is, in clause 33, a means provided for the corporation to take advantage of opportunities for expansion that would be in the best interests of all its shareholders, but only, I repeat, if such opportunities should be in the interests of all partners and subject to the receipt of letters patent by parliament.

Protection of the primary interest of the government is also incorporated into a number of other sections of the bill, such as clause 9 which requires ministerial approval of agreements negotiated with foreign bodies. Although, as set out in clause 34, the satellite corporation will be neither an agent of Her Majesty nor a crown corporation, it will be required to table its annual report in parliament.

A final and vital source of protection of national interests will come about through regulation. If the satellite system were in operation today, it would be subject to the provisions of the Radio Act both with respect to technical matters and to the scope of the system itself as it already applies to the terrestrial microwave system. It is our intention, as I have already informed the house, to study present and future telecommunications needs, and on the basis of these studies to recommend a national telecommunications policy and accompanying legislation for both satellite and terrestrial systems.

As I said earlier, the distribution of membership of the board of directors will reflect the distribution of share ownership. Financial commitment and responsibility will be directly linked. During the interim period the corporation will be managed by a provisional board of directors as set out in clause 4. It is considered appropriate that these provisional directors should to a degree reflect the eventual composition of the permanent board of directors.

Before completing this review of the bill, I would like to describe its financial aspects. The amounts of financing which will be required for the initial system will probably be approximately \$60 million. This amount is based on the present estimates of the capital cost of the satellite system facilities. Depending on conditions of the capital markets and related factors, it might be possible to raise a portion of the required financing by means of term debt. While there is provision for the issue of preferred shares, it is not envisaged that these will be issued in the foreseeable future. In the circumstances, I cannot provide you with more specific details on the capitalization of the company nor of the exact timing for the necessary financing. However, my own view is that the management of the company will be in a position to proceed with the financing arrangements by the fall of the current year. I also believe that the three groups will participate concurrently. Bridge financing to sustain operations in the meantime will be provided by the government through the Department of Communications.

It will be noted that it is provided in the legislation that the government's participation will be limited to a maximum of \$30 million in the shares of the corporation and a maximum of \$40 million in loans. It is, of course, not expected that the initial investment by the government will reach the limits I have indicated. These limits were set high enough, however, to enable the government to ensure success of the system.

● (8:10 p.m.)

At the start of this speech I apologized in advance for its length. Having completed it, I again apologize for having taken up so much time of the house. I will be glad to provide further information and to answer specific questions. The legislation, I recognize, is complex and perhaps difficult. It is designed to create a new and important type of partnership between government, the public and private industry, and to do this in a new and vitally important field of telecommunications. Specific interests that are at times competitive have to be reconciled with the national interest; and national interest has in turn to be balanced against the need to ensure an adequate return on investment by the shareholders of the corporation. This legislation, I am confident, achieves these aims.

Once in operation the domestic communications satellite system will constitute a project of which all Canadians will be proud. We will have blazed a trail both in what we are doing