

Railway Act—Telephone Tolls

adjusted the rates complained of more nearly in line with what the telephone subscribers demanded.

There are many curious features about the telephone business in general that need to be considered before we pass judgment on a particular situation. It is the only business of which I know where it does not follow that the profits are greater with an increasing amount of business at each centre. As a matter of fact it costs the Bell Telephone Company more to give service in a city where there are a hundred thousand instruments than it does in a city where there are fifty thousand instruments. The highest rates per telephone in Canada are in the largest cities of Canada, Toronto and Montreal. The reason for that, of course, is that every telephone in a large area has to be connected with every other telephone in that area, thus making necessary a most complicated, complex and expensive system of cables, automatic connectors and devices of that kind. The larger the telephone exchange, the more complicated are its processes and the more expensive its equipment.

That being the case, we find that whereas the resident of a large city may find it worth while to pay the price required for telephone service in that city, which will connect him with every other telephone subscriber in the city, a man living outside the city whose business and connections are not principally in the city may require a different kind of service. An example of that can be found in the city of Ottawa. In the old days the Ottawa exchange served only the city of Ottawa proper, and toll charges had to be paid on calls to Rockcliffe and Eastview. However, with the steady growth of these connections we have the Ottawa exchange now serving Ottawa, Hull, Rockcliffe, Eastview and Westboro, all within the exchange and all given service at a flat rate.

Mr. MacNICOL: If a subscriber in Ottawa wishes to telephone to a subscriber in Hull, does he have to pay a toll?

Mr. HOWE: No; they are served by the same exchange. But the cost of a business telephone in Ottawa is \$5.50 per month, and the cost of a residence telephone is \$3.10 per month. Now we come to the town of Aylmer, which is not a part of the Ottawa exchange and where it is necessary to pay a toll in order to talk to Ottawa.

Mr. MacNICOL: How much?

Mr. HOWE: Ten cents per call. But the prices of telephones in Aylmer are, of course, very much less than in Ottawa. For instance, [Mr. Howe.]

a business telephone in Aylmer costs \$2.50 per month, or about half the cost of a business telephone in Ottawa, while a residence telephone in Aylmer costs \$2.05 per month. It is very probable that many residents of Aylmer find it much better to have a telephone service at a lower price, which they can use within the Aylmer zone, than to pay the higher price which would be entailed by a connection with Ottawa. There may be others who require to make frequent calls to Ottawa, and who might find it better to be connected directly with the Ottawa exchange. But the effect of the telephone company would be two-fold if all the telephones in the Aylmer zone, let us say, were connected with the Ottawa exchange. There would be a tendency to increase the cost of all telephones in Ottawa, and a certain result would be that the people of Aylmer would find it necessary to pay the Ottawa rate, probably plus a mileage charge which usually goes on a telephone when the connection is over two miles from the exchange.

I am simply pointing this out to show that there is some background of equity in the theory of zones outside cities. I am quite aware that zoning is not popular with some of the people who live outside the cities. For instance, a business house located outside the free zone of the telephone exchange may have the great bulk of its business in the city, and may find that city telephone calls are rather expensive. On the other hand, I venture to say that in its zone there are private citizens who have telephones, that could not afford telephones at the rates charged in the city. So sometimes we are apt to overemphasize the viewpoint of the business man living outside an exchange zone as against that of an ordinary resident living in the same vicinity, who wishes to have a telephone at a reasonable price in order that he may talk with his neighbours and occasionally telephone to the city.

I may say that the telephone company is experimenting with new plans for handling zones adjacent to large cities. I think in some of the areas close to Toronto a plan is being instituted whereby a rate is being given which will allow a certain number of free calls per month into the city. I think the arrangement is one hundred free calls plus five cents a call in excess of the free limit. I understand that this plan is being tried as an experiment, to see whether the people are better or less pleased as a result.

Mr. MacNICOL: Is the minister referring to the new orders of the telephone company in connection with telephone charges between Toronto and Weston?