

*Bell Canada Act*

affiliates of Bell Canada. Bell Canada no longer controls them, due to this reorganization.

The most obvious endeavour for BCE to become involved in would be cable television. The Canadian Cable Television Association fears that this gap in Clause 7 of the Bill would have a major impact upon its members. The association has expressed its concern to the Minister, but she has obviously not listened. I recommended in the committee and in the House that the word "affiliate" be added in that clause. No such change has taken place and I suggest that the Minister look at that clause again.

It is significant that the CRTC, in its April, 1983 report to Cabinet on the proposed reorganization of Bell Canada, concluded that the Bell Canada group should continue to be prohibited by law from holding broadcasting licences. The CRTC's rationale, which resulted from an exhaustive review of the arguments on both sides at a lengthy public hearing, was a concern over the degree of concentration of control which could arise in the Canadian broadcasting industry if affiliates of Bell Canada Enterprises were allowed to hold licences. The Commission concluded that the public interest would best be served by the separate and, to some extent, competitive evolution of the cable and telephone industries as separate entities. I emphasize the word "separate". The commission's conclusions are as valid today as when they were made. I have already read those conclusions into the record.

It is regrettable that the Government has not seen fit to respond to the serious concerns which have been raised by broadcasting companies regarding Clause 7. I have often relayed those concerns in the House and in the committee. I believe that Clause 7 of the Bill should have precluded the entire group of Bell companies from holding broadcasting licences. It is not too late for the Government to change its mind by amending Clause 7. I will urge the Government to do so before many Canadian jobs are jeopardized.

Clause 11 of the Bill provides that any sale by Bell Canada Enterprises of more than 20 per cent of the shares of Bell Canada must receive CRTC approval. I am quite delighted to at least see that provision because there was no limit in the Bill at the outset. While I had proposed a 10 per cent limit, the Government countered with a 20 per cent proposal which is now in the Bill. At this time it is under 6 per cent of external holdings and I do not know why the Government has increased it to 20 per cent.

The requirement in that clause for CRTC approval can be circumvented if a company acquires control of BCE itself. I point out to the Government that as a result of this gap in Clause 11, a company can acquire control of Bell Canada itself, without having to receive CRTC approval. This sounds very far-fetched. I read it again and talked to the Ontario Securities Commission. I suggest that the potential of and control within certain types of bonds that have been issued should be rechecked.

There may be those who would scoff at the suggestion that a huge company like Bell Canada Enterprises could be taken over, thereby yielding control to the successful buyer of Bell Canada. However, an article in the Toronto *Globe and Mail* on June 11, 1986, points out that a group of Toronto stockbrokers is attempting to take over BCE. The article states that: "Bell Canada Enterprises of Montreal, one of the country's largest business empires, is worried that stockbrokers might have found an indirect way to control the giant utility holding company". The article points out that such a takeover may indeed be a possibility and that BCE is concerned. If BCE is worried about this situation, why is the Government not worried or prepared to block that loophole in the Bill?

There has also been a lack of effective mechanisms to obtain information. I bring to the attention of Hon. Members the important April 18, 1983 CRTC report on the proposed reorganization of Bell Canada. At page 33, it states:

It is the Commission's duty to ensure that the telephone subscribers of Bell Canada do not cross-subsidize the activities of the other companies of the Bell group. This duty requires that the Commission be in a position to determine the fair value of Bell's resources utilized by other corporate members having regard, among other things, to the value of such services in the market-place.

In the Commission's opinion, it will not be possible to ensure the fulfilment of this duty unless it has access to contracts between third parties and BCE or its subsidiaries in circumstances where these may be relevant to transactions between Bell and its affiliates.

It may be grand that Bell has the expertise to lend to other parts of the world, but that does not mean we should have to pay for it as part of our telephone operating costs and have it reflected in our subscriber rates. I believe that Bell Canada Enterprises should pay the full share, as they properly belong as part of its costs.

I return to page 33 of the CRTC report:

Another issue arising out of the proposed change in the status of Bell Canada within the Bell group relates to the Commission's power to require information from Bell affiliates to be organized, analysed and presented in the form the Commission considers necessary or desirable in order to enable it to discharge its mandate.

● (1650)

The CRTC stated further:

In the Commission's opinion, it will not be possible to ensure the fulfilment of this duty unless it has access to contracts between third parties and BCE or its subsidiaries in circumstances where these may be relevant to transactions between Bell and its affiliates.

Clearly, Clause 12 of Bill C-13, as I have said, should have provided the CRTC with the legal right to obtain such information, presented in an organized and readily-understandable fashion, from Bell's affiliated companies. Unfortunately, the Bill does not so provide. Such a provision would have enabled the CRTC to properly fulfil its mandate.

In a presentation delivered on behalf of the Canadian Consumers' Association Dr. Myron Gordon told the CRTC:

If—for legal reasons—the corporate veils created by the reorganization cannot be pierced by the CRTC, then the CRTC's ability to set fair and reasonable rates for telephone services would be destroyed. This is a strong, but nonetheless true statement.