

*Bell Canada Act*

initiate the debate and we will have the meetings which my hon. colleague has suggested.

**Hon. Flora MacDonald (Minister of Communications)** moved that the Bill be read the third time and passed.

● (1630)

She said: Madam Speaker, I welcome the opportunity to move third reading of Bill C-13, the Bell Canada reorganization Bill. The issues addressed in this Bill have been examined and commented on in committee and in the House several times already. I would like to take these few minutes to stress the importance of this legislation. It is important, both for Bell Canada and its affiliates, as well as for the general public.

Bell Canada, as we know, is the largest telephone company in Canada. Like the rest of the industry it provides an excellent standard of service that we sometimes take for granted. Until very recently telephone service has been provided on a monopoly basis in Canada and elsewhere. To prevent the abuse of this monopoly power the industry has traditionally been subject to stringent regulation of its rates and services. It appears certain that for the foreseeable future many of the basic services offered by Bell Canada and other telephone companies will continue to be operated on that monopoly basis. Therefore, the services will continue to be regulated by the CRTC.

At the same time we know the telecommunications industry is experiencing a period of rapid and accelerating change. These changes are occurring both domestically and internationally, and they have been brought about by advances in technology, by new and varied user requirements, and a belief that competition will spur further innovation and growth.

Because many of its activities are now subject to growing international competition, in 1982 Bell Canada reorganized to create a new parent company, Bell Canada Enterprises. Bell's objective in this reorganization was to distinguish clearly between its regulated monopoly activities and its non-regulated competitive activities. As a result of its reorganization the telephone part of Bell Canada became a subsidiary of Bell Canada Enterprises. This resulted in a very uncertain regulatory environment because questions were raised about the ability of the CRTC to regulate effectively the monopoly activity of Bell Canada.

Because of these changed circumstances the Government asked the CRTC to report on the reorganization, which it did in 1983. It concluded that specific legislative amendments would be necessary to clarify and confirm its authority to regulate Bell Canada effectively within the reorganized group of Bell companies.

The Bill before us takes into account the specific recommendations of the CRTC and the concerns expressed by a wide variety of interest groups. The legislative powers in this Bill will permit the CRTC to regulate the company effectively. This Bill reaffirms the long-standing provisions of Bell's special Act and confers three specific new powers on the

CRTC which will enable it to carry out its mandate to regulate the monopoly telephone service of Bell Canada. This Bill will ensure the continuation of the high quality level of universal telephone service to which we are accustomed, establishing a clear and unambiguous regulatory regime.

Equally important, the provisions of the Bill allow BCE to engage freely in a wide range of unregulated activity on a national and international basis. BCE and its affiliates are major players in the international information technology revolution and they must be allowed to compete without undue regulation.

In the last session Bill C-19, which was almost identical to the present Bill, was subject to a thorough examination by the standing committee and this Bill has again been looked at by a legislative committee of this House. I should point out that only one amendment was made to Bill C-13 by the legislative committee and that involves a rather technical provision that was overlooked by Bell in its original recommendation in drafting the Bill.

Bill C-13 has been subject to a great deal of scrutiny over the last number of months, as was its predecessor. I want specifically to thank the standing committee, members of the legislative committee and those who have worked on this through a series of reviews, for the very diligent work carried out. At this point we have gone over this Bill so many times that I think the best thing to do is to give it speedy passage.

**Mrs. Sheila Finestone (Mount Royal):** Madam Speaker, this is not the first time a Bill concerning the reorganization of Bell Canada was introduced to Parliament by the Government. In the last session the previous Minister of Communications introduced an almost identical Bill called Bill C-19. That Bill died on the Order Paper when the Government chose to prorogue the session.

Before embarking on an analysis of Bill C-13 it may be useful to review the history which led up to its introduction. In view of the importance of the Bell group of companies and the potential impact its corporate reorganization under the Canada Business Corporations Act could have, the CRTC was directed on October 25, 1982, by the then Minister, Francis Fox, to conduct an inquiry under Section 15 of the National Transportation Act into Bell Canada's proposed reorganization. The CRTC was directed to report its findings by March 31, 1983, so that the Government could take its recommendations into account in its over-all analysis of the reorganization. The Liberal Government also called for consultation hearings to be open to all interested persons.

Mr. Fox indicated that the general form of the reorganization was consistent with the Liberal Government's attitude toward increased competition and industrial development in the high technology telecommunication sector. He stressed that the Government had been indicating for some time that all Canadian companies should make changes to enable them to be more competitive in the international as well as the domestic markets.