

*Bell Canada Act*

The Government also maintains that even if the CRTC fails to address the issue of prepayment, Bell will refrain from exercising the right given to it in this Bill to charge a six-month prepayment. Why give a company the legal right to charge something and then say that you do not expect it to use that right? That does not make much sense. Sooner or later the company can be expected to act on its right. That is only normal. Telephone subscribers will be asking some very direct questions as to why the Government has failed to protect them.

There are many people in the country who do not have the funds to pay a lump sum, semi-annual amount in advance should Bell deem it necessary prior to fulfilling its own obligation of connecting a telephone. The monthly rate of \$8 or \$10 multiplied by six is a substantial sum. Is it fair for the average struggling student, who finds it difficult enough to pay rent, heat and everything else, let alone tuition, to be expected to provide a six-month advance payment? What about the sick and elderly? I do not think it is very clever to leave this clause in the Bill.

I believe that the amount of an advance payment, if any, is best determined by the CRTC on an ongoing basis in order to ensure consistency with the needs of the subscriber. The CRTC will, no doubt, take note of the fact that with a public monopoly utility such as Bell the customer will not decline to pay and run away. I do not think they have to worry about that. I suggest that they will pay their monthly bill. Bell does not need up-front money with the income it presently has.

I wrote this part of my text in June, anticipating that this Bill would come back before the House was prorogued. At that time I did not know the extent of the profits which Bell Canada was privileged to earn. We should all be very pleased that its profits are so high because it means it is a very well-managed and highly efficient company. This has nothing to do with the state of the economy but rather with knowing how to perfect management.

The recent ruling of the CRTC directed Bell Canada to return \$243 million in surplus profits to its subscribers. Bell anticipates approximately \$207 million worth of profit in 1986-87 and the CRTC has directed Bell Canada to reduce its long distance rates. I suggest that this substantiates my point that up-front money is certainly not necessary for Bell Canada to function effectively and efficiently. It is a detriment, an unnecessary cost and often a burden to the general population.

At times I may speak rather harshly of Bell Canada. I will take this opportunity to recognize that Bell Canada is a very fine corporate citizen. It shows leadership in many areas in the country. In particular, it lends the services of its personnel. There was a very fine demonstration of that when Rick Hansen was in Ottawa last weekend. Bell Canada's Pioneer Club has been very supportive of his efforts. I would like to salute Bell Canada for that effort.

Clause 7 of the Bill prohibits Bell Canada or any company controlled by Bell Canada from operating a broadcasting

undertaking. This is a continuation of the prohibition contained in the 1968 Bell Canada Special Act. Parliament has consistently opposed allowing Bell Canada to enter into the broadcasting field. The Parliament of Canada imposed certain restrictions and obligations on this regulated public service monopoly for having such rights of monopoly. One restriction was that they should not enter the broadcasting field. The report states it much better than I could. On page 69 it says:

The Commission therefore recommends that legislation be enacted as follows:

2) prohibiting Bell Canada and other members of the Bell group from applying for or holding a broadcasting licence;

I suggest that that included Bell Canada affiliates as well as Bell Canada subsidiaries. They have said:

The Commission is of the view that Bell and the other members of the Bell group should continue to be subject to the limitation prohibiting the holding of broadcasting licences, which under the Broadcasting Act includes licences to operate cable television systems.

At this stage of rapid evolution in the communications industry, the Commission would be concerned with the degree of concentration that could arise in the industry if the Bell group were allowed to enter the broadcasting field. In this regard it is noteworthy that, in 1982, the size of Bell Canada, as measured by the book value of its telecommunications assets alone, was in excess of \$10 billion, compared to assets of approximately \$1.2 billion for the entire Canadian private television, radio and cable industries.

• (1640)

I strongly recommend that all Members who have cable companies, television companies and broadcasters in their ridings pay very strict attention to this clause because there will not be satisfaction among their constituents if they decide now to put these companies into a competitive position with the very well financed Bell Canada, particularly its affiliate Bell Canada Enterprises. It had a net profit of \$1 billion. The report goes on to say:

The Commission would also be concerned if the Bell group were to enter the cable industry, with the conflict of priorities that could arise in the group as between the development of the cable and the telephone distribution systems. The Commission considers that the public interest is best served at this time by the separate, and to some extent, competitive evolution of the cable and telephone distribution systems.

With regard to Bell's suggestion that the Commission's power to award broadcasting licences would permit it to consider telephone cable cross-ownership issues in the future, it should be noted that it is not certain that telecommunications policy matters can properly be taken into account in licensing decisions under the Broadcasting Act.

I hope the Bill will give serious consideration to this area. Due to the recent reorganization of Bell, the company—now Bell Canada Enterprises—will be in a position to circumvent the prohibition contained in Clause 7 of the current Bill. Let us consider the following examples. The new holding company, Bell Canada Enterprises, could incorporate a subsidiary such as "Bell Canada TV", and for very little cost connect the transmission facilities of such a subsidiary through its affiliate, Bell Canada, to virtually every home in Canada at a very reasonable rate. Such a transaction does not run afoul of Clause 7 as it now stands because Clause 7 only catches companies controlled by Bell Canada. They used to be controlled by Bell Canada as subsidiaries to the old corporation, but now they are subsidiaries of Bell Canada Enterprises,