

Railway Act

wealthy can get wealthier and protect their income at a cost to our Treasury of \$600 million. If we look at the refundable sales tax credit, we see that as perhaps the only good measure brought in to date. We are talking there about returning \$200 million to those people who earn the very low income of \$15,000 or less, but the poverty line is at \$23,000, so I would suggest that is not as good as it would seem on paper. Some \$3 billion is going out and less than \$1 billion is coming in. I would suggest that that is not equity.

I would like to draw your attention, Madam Speaker, to the news release of June 26, 1986 when this same amendment to the Railway Act was first introduced. That news release states:

The amount collected from carriers regulated by the Government of Canada will (under this Bill) correspond directly to the costs incurred by the CRTC in regulating the telecommunications industry.

I have read Bill C-4 very carefully and there is nothing in it which in any way states that the amount of money collected from carriers will correspond directly to the costs incurred by the CRTC in regulating the telecommunications industry. Rather, a reading of Bill C-4, and in particular, the added Section 321.1(1) to the Railway Act, discloses that the CRTC is given the power to make regulations, imposing the fees to be charged to the telecommunication carriers such as Bell Canada and B.C. Telephone. Nowhere in this Section or in the Act is it stated that the regulations eventually put out by the CRTC must set fees which will correspond to the costs incurred by it in regulating the telecommunications industry. In other words, if the costs incurred by the CRTC in regulating telecommunication companies is to be a total of \$6 million, Bill C-4 completely fails to require the CRTC to set the fees it will charge those telecommunication companies at that same amount. The Act could readily have provided for this but has failed to do so.

The amount looks small in terms of dollars right now, but there is nothing in the legislation to confine it to that amount of money, and if one is operating the CRTC on the basis of the Broadcasting Act, as indicated by the Parliamentary Secretary, we might then be looking at another potential way of raising over \$54 million.

Since Bill C-4 fails to direct the CRTC, or give any guidance to the CRTC as to the amount of the fees to be levied, or the basis upon which these fees are to be determined, is it the intention of the Minister of Communications to issue directives to the CRTC so as to ensure that the fees charged in a given year will at least correspond to the costs of regulating the telecommunication industries? Or will she direct the rate of return for the telecommunication corporations or the CRTC? The Minister should make known her intentions in this matter as soon as possible, and I would suggest that she will have to consult with Treasury Board as it seems to be empowered, from the first line of this amendment, to veto or to direct the CRTC's decisions. Who will be making the decisions, Madam Speaker, the Department of Communications, the Treasury Board or the CRTC, or will there be enlightened discussions between all three? It is far from clear.

• (1200)

When I read Bill C-4 I find that the proposed Section 321.1(4) would enable the CRTC to assess these new fees to telecommunication companies on a retroactive basis. I have a number of concerns with this clause. First, retroactive provisions should always be carefully scrutinized, for such provisions have the effect of changing the rules of the industry in the middle of the game. Has the Government demonstrated that such retroactivity is absolutely necessary? Why should the Bill allow for retroactive fees to be charged by the CRTC when the CRTC is already operating on a highly profitable basis? Why the sudden need for retroactive fees to be assessed? If the Government was of the view that the telecommunications industry was not paying its fair share to the CRTC in past years, then why did it not ensure the Bill's passage last year? Had this been done there would be no need for the Bill before us to allow for a retroactive application.

Furthermore, if the Bill is passed and the CRTC assesses fees to companies such as Bell Canada on a retroactive basis, then Bell's shareholder, Bell Canada Enterprises, and ultimately the individual shareholders of Bell Canada Enterprises, will likely have to absorb those fees. In other words, Bell may not be in a position to ask for a rate increase to allow it to recoup from telephone subscribers those fees assessed on a retroactive basis. This may not be an objectionable result. I raise it so that the Government will be in a better position to appreciate all the consequences which would flow from a retroactivity clause.

In my view the question of absorbing the costs implicit in the application of this Bill involves new dollars which should be borne by the shareholder as a cost of enjoying the privileges of ownership of a public monopoly utility, and not a hidden potential increased cost to the subscriber.

Furthermore, with respect to the subject of retroactivity, the addition of Section 321.1(4) to the Railway Act does not absolutely require that fees be assessed against the telecommunications industry on a retroactive basis. Rather, it provides that the fees will only have retroactive effect if the regulations eventually established by the CRTC "so provide". These regulations are subject to the approval of Treasury Board. In other words, the Government has left it to the CRTC to decide whether or not fees should be assessed retroactively, but gives it no final authority or decision-making power. The Government should make clear to the House why it felt the need to leave the question of retroactivity unclear.

What guidelines does the Government expect the CRTC to employ in making its recommendations on this point? Will the Treasury Board be setting the guidelines pursuant to the powers granted to it under the proposed Section 321.1(1)? If the CRTC is to follow the intentions expressed by the Minister of Finance in his May, 1985 Budget, to recoup for the CRTC the full cost of regulation, then there will be no need for the CRTC to charge retroactive fees, since the CRTC already recovers revenues which far exceed its costs of operations.