

*Telesat Canada Act*

Canada purchase one of the Intelsat-IV series of satellites. The proposed price was 2 per cent cheaper than for a Canadian-built satellite and launcher. For that sum we would have secured a 12-channel satellite, which could have constituted capacity far in excess of our needs. It was a case of things not coming cheaper by the dozen.

A further consideration in the choice of satellite, Mr. Speaker, is the obvious one that a Canadian-built satellite will add significantly to our scientific and industrial capacity and bring with it, significant opportunities for Canadian firms to secure export orders on similar communications systems being implemented in other countries.

During the clause-by-clause study in committee I will be glad to provide other technical and economic details as required by hon. members.

● (5:50 p.m.)

[*English*]

The system I have just described will be operated by the satellite corporation to be created by Bill C-184. Once the corporation itself is in full operation, and the scheduled date for this is September, 1969—between the passage of this legislation and the appointment of permanent officers for the corporation there will be a provisional board of directors as set out in clause 4—the corporation itself will develop the system, subject to such policy considerations as those set out in clause 5(2) and by the requirement for government approval of such initiatives as the construction of new ground stations as set out in clauses 8(1) and 8(2). The corporation therefore, once the system is in operation, will make decisions on expansion, whether of the terrestrial system or the space segment. Given the rapid and often unpredictable rate of expansion of the communications industry, it is impossible at this point to precisely predict the date at which the space segment of the domestic communications satellite system might need to be expanded by the launching of a second six-channel satellite.

However, current discussions indicate the possibility that all six initial channels will be fully occupied, that is rented, when the first satellite goes into operation in 1972. The users would be the Trans-Canada Telephone System, in CN/CP and the C.B.C. At a minimum, four channels would be rented by this date with the full six occupied by 1975. However,

it is possible, and indeed we are most hopeful, that all six channels will be rented by 1972 and this would naturally have a significant effect upon the profitability of the corporation.

Profitability is a determinate of the structure of the corporation. The common carriers have proposed that they alone construct and operate the system. The government, acting on the recommendations of the white paper, has rejected that proposal. The project serves a national purpose. Outer space, carrying with it major considerations of international policy, should not, in the government's judgment, become the preserve of a privately-owned corporation.

The other alternative, at the other end of the spectrum, is a wholly government-owned enterprise. The government could, at the taxpayers' expense, build and operate the system by itself. We have rejected this alternative.

The reason is that the common carriers have acquired an outstanding expertise in the economic development of telecommunications. They claim, and with ample justification, that Canada's telecommunications system ranks as one of the most efficient in the world. It would, in my view, be as unwise as it would be impractical to ignore the contribution which private industry can make to such a system.

A third possibility, which has been proposed, is that barring sole ownership by the common carriers the system should be restricted to a joint partnership of common carriers and government, with the public excluded. This possibility we have also rejected. The public are the final users of the system and will pay for it either directly through rates or indirectly through taxes. Public equity in a corporation initiated by the government fulfils the ideal of public participation in ventures undertaken in the name of the public; it fulfils also the urgent need for a broader selection of Canadian-owned companies available to Canadian investors. Finally, public participation will ensure accountability to the public at large rather than merely to those parties directly interested in the venture.

As hon. members will have noted, the bill does not specify the respective share ownership to be allocated to each of the three groups involved, that is government, common carriers, and public. The reason is that it was not possible, in a legal sense to do so at this time. Discussions with the common carriers are still continuing. Taking the extreme case