

*Bell Canada Act*

What was the reorganization? It was complex but, as Mark Twain said, at the middle of anything that is complicated is something simple. The simple principle was that the regulated part of that telephone company should be continued to be regulated, but the entrepreneurial parts of Bell's various enterprises should be given some flexibility to compete internationally. I was disturbed when I heard the hon. member of the New Democratic Party speak on the Bill. He did not try to encourage that side of the operations of Bell. We want Bell to be a world-wide force in the telecommunications industry. We want to free it up to have the flexibility to do that. That is the aim of this Bill.

When Bell Canada Enterprises was allowed to turn itself inside out and become the holding company of Bell Canada, it was suggested that there should be a study of the powers of the CRTC. Those powers are outlined in the Bill before us today. Perhaps some changes could be made. Hopefully that will be looked at in committee. I support the Government in bringing this Bill before the house at this time. I support it in its attempt to strike a balance between international competitiveness and regulation in terms of protecting the consumer.

● (1620)

**Mr. Deputy Speaker:** Questions or comments?

**Mr. Orlikow:** Mr. Speaker, I would like to direct a question to the Hon. Member. Does the Hon. Member not realize that Bell's ability to expand into the kind of operation it is conducting in Saudi Arabia is based on the profits that it was guaranteed as a regulated telephone company? Does the Hon. Member not believe that the Canadian subscribers of Bell should be able to benefit, subscribers who, through the payment of their telephone bills, contributed to that profit which permitted Bell Canada to expand and do the kind of business which he indicates it and other companies—I'll have another question about that—were able and are able to do in Saudi Arabia and other countries? Does the Hon. Member not believe that the subscribers of Bell Canada who contributed to the build-up of Bell should be able to benefit through part of the profits that Bell makes in these operations going to support the continued low rate for telephone service?

**Mr. Hockin:** Mr. Speaker, I would be happy to respond to those points. First, Bell's opportunity to do well in that Saudi Arabian contract was based primarily on its expertise, not on the cash flow from subscribers. Its great expertise allowed it to produce the kind of services that the Saudi Arabian Government was looking for. In terms of cash flow from subscribers, there was very little cash outlet that was needed by Bell Canada in Saudi Arabia. Everything was put up front essentially by the Saudi Arabian Government. There was very little need for cash flow from subscribers. There was never a better deal. Perhaps he points to an unfortunate example in terms of arguing that subscribers' revenues are helping in this particular contract.

The Hon. Member does have a good point, however, that there is a balance to be struck regarding the fact that revenues

that flow from the regulated monopolistic Bell Canada operations do not help excessively the other parts of Bell enterprises. That is precisely the balance that this Bill is trying to strike.

**Mr. Orlikow:** Mr. Speaker, does the Hon. Member know that Bell is not the only company doing work in Saudi Arabia? In fact, other companies are involved. I know that the Manitoba Telephone System, which is a publicly owned utility, is also doing work in Saudi Arabia to upgrade the telephone system there. Any profits which the Manitoba Telephone System makes for the work it is doing in Saudi Arabia will go back to the system. Since the public utility is not a profit-making company, it will go to help subsidize the rates.

Let me ask the Hon. Member a second question. Does he realize that if and when the CRTC and the Government permit CNCP to compete with Bell and the other existing telephone companies for long distance business the profits of Bell and the other telephone companies will be sharply reduced? They have been making a substantial profit on their long distance business. That profit has been used to cross subsidize the local telephone rates and keep local telephone rates low. The experience in the United States is that competition for long distance business has driven the cost of local service up substantially. When that happens, Bell Canada's telephone profits will come down substantially and the telephone rates for subscribers in his constituency and the rest of Ontario and Quebec will go up very sharply. We say that part of the profits they make in these other businesses, which were based originally on the profits they made on telephone business, should be used to subsidize telephone rates in the City of London and in other parts of Ontario and Quebec.

**Mr. Hockin:** Mr. Speaker, the points made by the Hon. Member are worth exploring because I am sure that is what the consumers will be asking. I would like to say that his analysis is based upon a fairly uninventive, rather old-fashioned view of what Bell Canada is all about. I think the trade-off between long distance and local calls is not the only thing that will affect local call rates. There are many other things that Bell Canada would like to do and could do which could be profitable for it and which would help to make up for some of the lower profit margins that it might not enjoy because of the increased competition in long distance rates. I can think of mobile telephones and other things.

The key point is whether the Hon. Member is against competition. To bring in long distance competition is something Canadians have asked for and waited for for years and years. I am sure that the average low-income Canadian would be just as delighted to be able to call a relative on one coast or the other at a cheaper rate, thanks to this competition. When we look at the over-all mix of increased telephone rates in this country, we have to look at the long distance together with the local. They are all in a package. You cannot just look at the local rates. My answer would be that if you looked at the lower charges for long distance rates, if you looked at other fields in which Bell Canada might be able to become profitable, to-