

Air Transport Policy

travelling habits of Canadians or sometimes through factors beyond the control of either the Canadian government or the carriers.

In announcing adjustments to the international air policy today, we are endeavouring to create a framework which will permit both airlines to engage in reasonably long-range planning. It also permits the government to undertake a methodical negotiation of new bilateral agreements or the renegotiation of some existing ones.

A significant development in the new air policy is the recognition that an increasing number of Canadian cities must now be regarded as international gateways. The statement of principles indicates in greater detail how this policy will work, but is based essentially on the progressive changes in the needs of the travelling public and for the movement of freight.

Although the international travel market can be subject to new pressures such as the rapidly growing charter operations, I am confident that the policy stated today provides a framework in which both airlines can develop their international operations on a healthy and profitable basis. While Air Canada remains the pre-eminent carrier, both in terms of its very significant domestic role as well as its international role, there is room for a substantial expansion of the second, privately-owned airline. As a principle, no route that has been developed has to be taken away from either airline and there is room for the rational expansion of both.

● (1110)

Another fundamental principle is the stated desire of the government that the two airlines should co-operate as fully as possible to ensure that Canadian interests are not damaged by separate arrangements which favour foreign airlines. Guidelines are needed, and I am asking the Canadian Transport Commission to review the level of co-operation and to report to me regularly. If the guidelines are not followed, the government will feel free to take necessary steps to correct the situation including the withdrawal, if necessary, of rights conferred under the existing policy.

[*Translation*]

Today's announcement is the first of three announcements which will complete the over-all review of air policy. If a new agreement can be reached with the United States it will provide Canadians with significantly better service to the United States.

Finally, it is my intention to announce in the future a new policy for third level carriers whose importance and whose scope of operation is increasing rapidly. Related to this policy will be an announcement of a new air policy with respect to the Yukon and the Northwest Territories which is being developed jointly by the Ministry and the Canadian Transport Commission in consultation with the Territorial Governments and other interests in the North. We have discussed with the provinces at regional conferences how their views may be best taken into account.

Hon. members will thus see that while international air policy must be based on practical and well defined guidelines, it must also be related closely to continental air

[Mr. Marchand (Langelier).]

policy and to domestic air policy, including both the main-line services and the regional services.

Hon. members will also realize that decisions on the implementation of these policies are more urgent than ever, and I am expecting all departments and agencies to be even more responsive and prompt in their role in regulating and administering the government's policies. Other measures to strengthen the Government's organizational capacity to deal with air policy and bilateral negotiations will also be taken.

The implementation of our new international air policies can of course be seriously affected by current fuel shortages and we are discussing solutions with other countries.

[*English*]

Mr. Don Mazankowski (Vegreville): Mr. Speaker, first I should like to thank the minister for providing our party with an advance copy of the statement he has just made. I must say I welcome the statement to the extent that it represents a first step in the filling of the policy void in the important area of air transport policy, a void which has been detrimental not only to the air transport industry but to the economy of the country as a whole.

For a year, now, the absence of a government decision respecting landing rights to serve the city of Milan has caused intense frustration to Canadian airlines; a buoyant market was within reach but they were deprived of the opportunity to take advantage of it because of government inaction.

I cannot expect that the regional air carriers will be overjoyed by the announcement which the minister has made as far as it affects them, since it represents nothing more than the maintenance of the status quo. I would have expected some clarification with respect to the role they might play in connection with Ottawa's proposed air route agreement with the United States. It must be pointed out that while U.S. carriers are being granted concessions to operate into Canada the same does not apply to equally valuable transport routes for Canadian regional carriers. We must also recognize the growing need and demand for improved services in the Prairie and Atlantic regions. Certainly we should examine closely the interconnection of routes involving the various regions and services which can be provided by regional carriers.

With regard to the minister's announcement respecting transcontinental air policy, while this policy has basically been retained the minister indicated that a review will take place in regard to the origin and termination of all Canadian Pacific flights at Vancouver or Montreal. I hope the minister will reconsider this policy and broaden the review to include an over-all analysis and study of the 75 per cent/25 per cent formula in the allocation of domestic routes in Canada, with 75 per cent being allocated to Air Canada and 25 per cent to CP Air.

It must be pointed out here that the growth of the transcontinental air industry is predicated upon the growth of Air Canada, as is the frequency and the quality of service. The minister indicated in his statement that there is certainly room for growth of the private air line but in effect contradicts that by restricting the growth of CP Air under the 75 per cent/25 per cent formula. As I say,