

*Adjournment Debate*

considered by the cabinet. This fact was subsequently confirmed by the Prime Minister (Mr. Clark) in the House.

My motive in asking the question and raising the matter of the Nordair takeover is clear. Many hon. members from Atlantic Canada, including myself, have a real interest in the continued growth, development, and expansion of EPA. We think that it is important that Canadians are made aware of the relevant facts.

It is appropriate to note that a few years ago during a major expansion, EPA relocated its main operational centre in Nova Scotia at the Halifax international airport. Today EPA has more than 300 employees in the area and spends more than \$10 million locally. I am proud to say that many of those EPA employees—pilots, cabin crews, air mechanics and others—reside in the constituency of Halifax West.

Let me review very briefly the history of the Nordair matter. In the fall of 1977, or thereabouts, Air Canada acquired 84.6 per cent of the shares of Nordair, more than sufficient shares for effective control. The cost was said to be \$12.50 per share, or more than \$23 million in total. It was clear that continued ownership by Air Canada was not consistent with the policy for regional air carriers. Thus, Air Canada was directed to sell, although Nordair continued to operate as an air carrier.

Meanwhile, EPA continued to develop as an effective and responsible air carrier, but it suffered from the constraints of its operation—short, unprofitable routes, and lack of access to the more lucrative markets. Only recently has Eastern Provincial Airways been granted a direct route between Halifax and Montreal, but it has no access to Toronto and western Canada. EPA's future depends on an opportunity to expand its operation and gain access to these important air markets. The takeover of Nordair would provide that opportunity.

Nordair operates in Quebec and Ontario and has extended routes to Winnipeg and to Frobisher Bay in the north. It has a fleet of Boeing 737's which are compatible with EPA's similar fleet. Both are active in charter flights. The combined operation would provide economies of scale that would allow first class service on major routes and provide the possibility of improved services on the local routes for both passengers and freight. The end result of such a takeover is a strengthened regional carrier for eastern Canada, and improved public service with better route facilities and equipment.

For once an east coast firm would expand westward, and we would have a financially sound major air carrier in Atlantic Canada that would foster further development in the region. Unfortunately, little public attention has been focused on the situation, and the support that exists for EPA has not surfaced. That is not so in Quebec. The hon. member for Matapédia-Matane (Mr. De Bané) has been publicly reported as advocating a takeover of Nordair by Quebec interests. According to reports, he says that Nordair should be turned over to Francophone interests so that French Canadians will control at least one major airline.

[Mr. Crosby.]

I ask the government to reject that view. I ask the cabinet to give full consideration to the EPA proposal and decide in favour of Atlantic Canada by providing us with a major air carrier.

● (2205)

**Mr. Otto Jelinek (Parliamentary Secretary to Minister of Transport):** Mr. Speaker, I should like to compliment the hon. member for Halifax West (Mr. Crosby) for being able to document his position regarding Eastern Provincial Airways and also to congratulate him on being able to squeeze three questions into the one he put to the minister on Wednesday, December 5.

The three questions concerned the proposed sale of shares in Nordair. They were, first, whether the proposal by Eastern Provincial Airways was under active consideration; second, what other proposals were under consideration; and, third, when a final decision on this matter could be expected. According to the hon. member, these questions were prompted by an article he read in the *Canadian Aviation* magazine wherein the minister is said to have indicated, and here I quote the article, "That he (the minister) was ready to make a decision on the sale of Nordair to one of the bidders, which includes Eastern Provincial Airways". In fact, as the hon. member knows, the Minister of Transport (Mr. Mazankowski) stated last Wednesday in response to the member's question that the matter of the disposal of Nordair was under cabinet consideration and that a decision was expected soon. I am advised that as of this evening, this is still the case.

With respect to whether or not EPA is under active consideration, I should like to say that all the proposals made have been carefully examined, including EPA. Of course, it is not possible for me to speculate tonight on what the outcome of cabinet's deliberations might be, but as far as the minister is concerned the course of action finally taken will have been based on full consideration of all the relevant factors, including all the proposals.

On the question of who the other proponents are, they and their proposals are treated as matters of a commercially confidential nature, unless the parties themselves have made this information public. Some have done so and some have not. Those reported in the press, and I confirm here, as interested buyers are: jointly A. F. Lizotte Inc., Makivik Corporation, La Fédération des Caisses d'entraide économique TIW Industries; jointly EPA, Algoma Central Railway and Quebec interests represented by Mr. J. C. Hebert; jointly Québécoir, Société d'investissement Desjardins and other interests.

The cabinet, of course, will decide on what course of action the government will follow in the disposition of Nordair shares. This could conceivably involve a course of action other than simply a choice from among the proposals received to date, as a variety of options are open to the government.

I want to add, in closing, that as I mentioned in this House a couple of weeks ago the sale of Nordair will also be subject to the regulatory process.