

think most of us consider that the recent profit came about as a result of Air Canada getting the message across to the public that fares in this country are competitive when the price of fuel, landing fees, weather, replacement of equipment and such things are taken into account. Air Canada started talking about a further increase in fares before the bill was introduced, however. Many of us feel this is a mistake and that there is still a lot of productivity to be gained first. I believe we should call upon Air Canada to reconsider its request for a domestic fare increase.

The operation has been streamlined, but I believe there is still room for improvement. Recently management has seen fit to extend free pass privileges to some 20,000 employees, which has since been aborted, but this gesture was not well received by the travelling public who were paying full fare. The resulting controversy was unfortunate and caused embarrassment all around. I do not argue with offering employees a bonus, but I argue with the manner in which it was handled. It may have been good for employer-employee relationships but it was not handled in the right way. The news broke as a result of some good investigative reporting by the *Globe and Mail* not an announcement by the airline. Surely if the airline had wanted to give a bonus for a job well done in 1977, it should have made a clear public statement and given the rationale behind the decision. The reaction of the Anti-Inflation Board and of Revenue Canada should have been explored. Also, given the fact that we have a tourist trade deficit of \$2 billion, it seems to me that the passes should have been restricted to travel in Canada.

It has been the policy of Air Canada and other airlines for a long time to issue passes. I am informed that Air Canada's policy is very generous—perhaps overly generous. Perhaps it should be reviewed and the details made known to the shareholders, namely, the people of Canada. The gesture certainly focused attention on the question of free passes, and there has been considerable response in the media, particularly from people who use Air Canada.

The Ottawa *Citizen* carried a headline on January 21, 1978, "Free Tickets Standard Procedure on Airlines". The article reads in part as follows:

Most free airline passes are issued in the interests of public affairs, business, inter-airline competition and generally to promote travel by air.

That's not to mention, however, the politicians, newspaper representatives, business interests, tour operators and the myriad of air-line employees hitching a free ride.

'People in high places,' says Air Canada's regional officer Hugh Riopelle, 'are eligible for flight passes, depending on the reason—and business is one of them.'

Mrs. Edward Dunlop, wife of the president of the Toronto *Sun* newspaper, for example, recently accompanied her husband to England on a pass called 'Pos F status' for guaranteed seating for free first-class return travel, worth \$1,502, plus \$8 tax.

Public affairs officers, managers, salesmen and other top representatives of the 'people's airline' are given quotas of free tickets (either first-class or economy) and it's 'up to the discretion of various offices to dispense the passes as we see fit.'

A free return ticket generally would apply to any destination serviced by the system.

Air Canada

It is interesting that even relatives of journalists are included amongst those who are issued free passes on our national airlines. That is rather strange as journalists are usually the first to point the finger. I will not say any more, Mr. Speaker, except that I think it is incumbent upon the airline to review its policy regarding passes and to make that policy known to the public.

The third point I want to raise is the airline's attitude toward domestic air charters. In my view the airline's position with respect to promoting discretionary air travel in this country has been selfish to say the least, and certainly is not forward looking. The record will clearly indicate that the airline has responded rather negatively instead of positively in terms of exploiting this vast new discretionary travel market. It has been proven throughout the world that there is a large potential here which involves marketing and getting on with the job.

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This is clearly exemplified by the fact that the subscription of Canadian charter class fares which was made available last year was immediately sold out. There has been a substantial increase in the allocation of these seats for this year, and this is a clear indication of a tremendous market potential. Surely it is incumbent upon the airline to get on with the job of capturing that market.

One should be reminded that Air Canada was very reluctant to get involved in a very active way in the international charter market at the beginning. It seems to have adopted the same attitude in respect of the domestic charter market.

My colleague, the hon. member for Medicine Hat (Mr. Hargrave), will be talking about Air Canada's attitude in respect of cattle charters, and I would point out that it has been certainly less than positive in this area. The airline seems to lack the innovative requirement and drive to provide a service that is optimum at a reasonable cost. Air Canada does not seem to move unless it is cajoled into doing these things.

The service to Atlantic Canada, about which some of my colleagues from that area will be speaking, is another area the airline has not served, or in respect of which it has not fulfilled its mandate.

It is interesting to note that Air Canada is not alone in this regard. The *Gazette* of this morning carried an article under the headline "Men Who Fought Laker Find Business Booming". All major airlines fought Freddie Laker and his new concept of a sky train, but what he has done really is expand a market potential which would otherwise not have been there.

The attitude of the minister does not seem to be much improved. If I recall correctly, true to his autocratic form he attempted to prevent the CTC from going ahead with its hearings. We welcome his recent announcement expanding the ABCs relative to the decision handed down by the CTC. I am not sure whether the minister has given such a directive, but I would hope that he and the Air Transport Committee would seriously consider a reduction to 30 days from the 45 days proposed by the CTC.