

Senator Leblanc: If I understand the proposition with regard to Quebecair 2, there would be an equal partnership between the Government of Quebec and the federal government—

Senator Asselin: Not with the federal government—with Air Canada. That is very different.

Senator Leblanc: I do not think you are right.

Senator Asselin: I am right.

Senator Leblanc: If I understand the matter, what is being proposed is an equal partnership between the provincial government and the federal government on a fifty-fifty basis. We would put up, I suppose, \$15 million each and work out a new corporation.

● (2015)

However, this is my problem: As we are putting through such a proposition, which is to my mind at least the best one, it would be under the administration or the management of Air Canada—

Senator Flynn: Or Nordair.

Senator Frith: No, definitely not.

Senator Leblanc:—which certainly has the competency to do the work. I do not see why they would refuse such a proposition, which is the best one they have ever had. It would save them from bankruptcy with respect to Quebecair.

Senator Flynn: If you want to make a speech, give notice of an inquiry.

Senator Frith: It's an offer they can't refuse.

Senator Olson: Honourable senators, Senator Leblanc will see that the details of this are given on page 5 of the document I have just tabled. However, he might find one paragraph of particular interest:

Quebecair 2 would be funded and owned 50 per cent by Air Canada and 50 per cent by the government of Quebec through any means it would determine including private sector participation. However, during the initial period of the new company's existence, Air Canada would have management control of Quebecair 2's operations to facilitate its becoming a commercially viable air carrier.

Senator Flynn: I have a supplementary question. If Mr. Pepin's proposal were accepted, would the government exempt Quebecair 2 from Bill S-31 as the government is prepared to exempt Quebecair 1?

Senator Asselin: Touché.

Senator Olson: Honourable senators, we must take one step at a time.

Senator Asselin: Touché.

Senator Olson: My honourable friend knows what the situation is. The exemption has already been announced by the government, even in anticipation of the provisions of Bill S-31.

[Senator Frith.]

Senator Flynn: It would put Quebec on the same footing as the federal government with respect to investing in transportation companies. What Bill S-31 wants to prevent now would be acceptable, if both Quebec and Ottawa were on an equal footing.

Senator Frith: If you want to make a speech, launch an inquiry.

Senator Flynn: I am asking you if that is the understanding.

[Translation]

Senator Frith: There is a big question mark at the end!

[English]

Senator Flynn: Well, there is a question mark for the benefit of Senator Frith.

Senator Olson: Honourable senators, my friend the Leader of the Opposition is asking whether Quebec and Ottawa will be on an equal footing.

Senator Flynn: Under Bill S-31.

Senator Olson: Under Bill S-31 it is not intended that the federal government will be on the same footing as the provincial governments, and that is for the very simple reason that the Crown in right of Canada has jurisdiction over interprovincial and international transportation activities.

Senator Asselin: I think you had better wait for the judgment of the Supreme Court.

Senator Flynn: Is the Leader of the Government suggesting that owning shares and having control of the operations are exactly the same thing?

Senator Olson: No, he does not.

Senator Flynn: Thank God. You would not dare say that.

Senator Asselin: You'll learn, Bud, you'll learn.

ENERGY

PETRO-CANADA—RELOCATION OF OFFSHORE SUPPLY BASE AT MULGRAVE, NOVA SCOTIA

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate relating to Petro-Canada and its offshore supply base at Mulgrave, Nova Scotia. Is it a fact that Petro-Canada is about to move its supply base from Mulgrave to some other location?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall have to make inquiries about that. I am not sure of the answer at this point in time.

Senator Smith: I thank the honourable gentleman for his undertaking to make inquiries. Will he be kind enough, should the answer be yes, to ask why the supply base is being moved, where it is being moved to, when the move will take place and how the present employees will be affected by the move.

Senator Olson: All of those questions will be included in the inquiry.