

HOUSE OF COMMONS

Friday, November 23, 1973

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[English]

EXTERNAL AFFAIRS

TABLING OF EXCHANGE OF NOTES RESPECTING AUGMENTING OF CANADIAN CONTINGENT IN MIDDLE EAST PEACEKEEPING FORCE

Hon. James Richardson (Minister of National Defence): Mr. Speaker, I wish to table an exchange of notes that took place a few moments ago in New York between the Secretary General of the United Nations and the Canadian Ambassador to the United Nations by which the government of Canada has agreed to augment its contingent to the United Nations Emergency Force.

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AIR TRANSPORT

STATEMENT ON INTERNATIONAL AND DOMESTIC POLICY

Hon. Jean Marchand (Minister of Transport): Mr. Speaker, I am tabling today the policies and principles approved by the government which will govern the international operations of Air Canada and Canadian Pacific Airlines, and which clarify a number of other issues relating to international air policy.

At the outset, Mr. Speaker, I would like to stress that as a country we have to get our fair share of the international market, but at the same time we must ensure that an adequate domestic service is provided for the Canadian public.

In examining this new policy statement, I believe it important that the House should recall the history of air policy in Canada. The development of air policy is a continuing process in which the government must establish guidelines for all domestic services as well as for international operations. The objectives of air policy must be threefold. The first task is to ensure safe, efficient and convenient air services to meet the travelling needs of Canadians; the second is to contribute to the economic and social well-being of the country, and the third is to ensure that air transportation services are reasonably balanced to create an adequate atmosphere in which the airline industry of Canada can continue to develop in an efficient and profitable manner without imposing undue burdens on the taxpayer at large.

[Translation]

Prior to the statements of policy made in 1964, 1965, 1966 and 1967 on international and domestic operations, air policy had largely developed as a result of initiatives of Air Canada and the commercial decisions of other carriers, notably Canadian Pacific Airlines.

In 1965, the Minister of Transport announced guidelines for international air policy and indicated those geographic areas which would be allocated to Air Canada and Canadian Pacific Airlines respectively. They did not take into account all parts of the world which might eventually be served, nor was it at that time possible to make a clear cut geographic distribution without disturbing the pattern of existing services which had been developed by both airlines.

In 1966 a policy to recognize the special role of five regional carriers with defined spheres of interest was announced and was later defined more precisely by my predecessor, Mr. Jamieson, in 1969. This policy remains basically unchanged. It has permitted the orderly growth of five regional carriers, and has at the same time permitted them a wide measure of freedom in operating international charter services. The government does not wish to encourage regional carriers to expect the type of growth which would make them directly competitive with the two major carriers. Such a development could only lead to a breakdown in the existing pattern of viable growth, and the risk of the emergence of undesirable, highly subsidized operations. A number of routes were transferred from mainline to regional carriers in accordance with this policy.

[English]

In 1967 a transcontinental policy was developed for domestic air services which confirmed that both Air Canada and Canadian Pacific would operate transcontinental services but based on a formula which maintained the pre-eminence of Air Canada. This was based on the assumption that Air Canada's major role was to serve the needs of the Canadian public and that it could be called upon from time to time to undertake certain services in the public interest which would not necessarily be justified on purely commercial grounds.

In addition, of course, the government expects Air Canada to perform a special role as a model corporation in such fields as decentralization, bilingualism, and labour and technological change. This transcontinental policy is basically to be retained, although I have asked for a report on the feasibility of relaxing certain restrictions in CP operations which now oblige them to originate and terminate all flights in Vancouver and Montreal.

In terms of profitability, long-haul domestic services and certain international operations have proven to be the profitable underpinnings of both airlines. The importance of international routes can change substantially with the