Mr. Speaker, I think it is important to emphasize, as did the former Minister of Transport, that we have fixed costs in Canada, such as fuel costs, landing fees, airport user fees and transportation taxes. Since all companies have to face those costs, Mr. Speaker, we have to look elsewhere.

If those fixed costs do not change and if people want lower fares, we will have to look elsewhere. Now then, Mr. Speaker, any profitable airline company has to meet a payroll and operating expenses before making a profit, which should amount to about 30 per cent of its expenditures. A good example would be to compare People's Express in the United States with payroll expenses and fringe benefits of 20 per cent, and Air Canada whose payroll and fringe benefits take up 38 per cent of revenues.

Mr. Speaker, if people really expect lower fares in the future, the various groups—management and unions—will have to get their act together and cooperate to restore some form of equity in salaries paid by the airlines. Let us take the United States as an example, Mr. Speaker. Before deregulation, or before the consumer market was really thrown wide open, it was not unusual for instance to find that a secretary working for an airline company was earning 40 per cent more than a secretary with similar skills in another industry, that a programmer was getting 35 per cent more than if he had been working for another employer, and so on down the line. It stands to reason that the customer has to make up the difference if salaries are way out of line with those prevailing on the existing market.

Who are the customers, Mr. Speaker? People like you and I who have to travel or who go on vacation once a year. The situation being what it is, what with protected routes where competition is banned, why should the airlines even try to lower costs if they can eventually pass those inflated costs on to their paying passengers? That is exactly what I want, Mr. Speaker. I want strong competition between airline companies so that the passenger will stand to gain something from sound company management. Indeed, Mr. Speaker, we have another very serious problem in Canada, in the sense that the Canadian consumer is increasingly wary of the price of his airline ticket. Here is an example: Air Canada flights are often practically empty, so the company sells tickets at reduced prices and fills its aircraft because management has come to the conclusion that lower fares and full planes are more profitable than high fares and empty planes. The second thing they found out, Mr. Speaker—and the Hon. Member for Assiniboia (Mr. Gustafson) knows that as well as the Hon. Member for (Mr. Olivier) or I—is that more and more Canadians prefer going first to an airport south of the American border and take off from there for New York, Las Vegas or Los Angeles, because it is much cheaper. Even a blind man can see that, Mr. Speaker. These are the facts which compel us, as Canadians, to reconsider our domestic air transport policy.

• (1450)

The former minister of transport referred a while ago to Wardair. The Hon. Member for Brampton-Georgetown (Mr. McDermid) is a Wardair fan and so am I, because that company is managed by a man all Canadians should be proud of. What is happening to that company, Mr. Speaker? The former minister knows quite well, and I commend him for the action he took in 1979 and 1980 to ease the regulations, thereby making it possible for Wardair to make more money and to survive. Why, Mr. Speaker? Because the current regulations stop Wardair from competing with Air Canada and compel it to charge only charter rates, while over the same routes, Air Canada or any other carrier have two rates, namely, the regular fares and the charter fares. Mr. Speaker, we have to put back a bit of common sense into the system, and it seems to me that our starting point should be the unanimous report drafted by a committee after a serious examination of the problem. This is why I do not share the opinion of the former Minister of Transport in this regard, and why the present Minister of Transport (Mr. Axworthy) should be congratulated, because he is now looking at that problem and considering our report. As far as I am concerned, the Minister of Transport did not have to wait until the Canadian Transport Commission had completed its study before considering the issue himself. In my opinion, the Minister already had a document to work on, and we should congratulate him. I do not understand why the former Minister of Transport refuses to do so. I do not understand him!

It seems quite clear to me that he deserves our congratulations. Besides, what did the former Minister of Transport say? He said that air transport deregulation was inevitable. This is true! It is inevitable, Mr. Speaker, because the present situation is unrealistic. In my opinion, if we succeed in liberalizing air rates, we will see an increase in the number of passengers, of users. Costs will go down and rates should follow suit.

Let us now look at another aspect of our air carrier industry, namely international service. In Canada, international carriers are regulated by bilateral treaties. There is a bilateral agreement between Canada and the United States, another between Canada and London, another between Canada and India, another between Canada and Germany, and so on. I do not like the fact that the negotiations should take that long. Important bilateral agreements between Canada and the United States which could be extremely useful to Canadian travellers are being negotiated. However, for reasons I find difficult to understand, these negotiations are dragging on, and I would urge the Minister concerned to try and settle the matter as quickly as possible.

Let us now consider another aspect in our transport policy, namely VIA Rail. The former minister often criticized the government for having unilaterally eliminate some Canadian services. I think that it was a hard decision that to be taken for the very survival of VIA Rail. I should explain that. It is