

Air Canada

business. It faces a challenge to rejuvenate its fleet. However, as I have indicated, there are ways of doing that without privatization.

What the employees are worried about is that with privatization we will see the cut-back of existing jet air links which we have had. Deregulation may increase the number of short haul turboprop flights, but there is no substitute for direct or non-stop jet service. The latter offers numerous advantages including speed, reliability and performance in less than ideal weather conditions.

Jets also offer superior cargo capabilities, better access for persons with disabilities, and other important services like air ambulance. We have had an example of what doing away with jet service means in my own province. The people of Brandon are to say the least, angered by the fact that they no longer have jet service. They do not have jet service because of the decision of the Government, first considered by the former Liberal Government, that what we need in the air industry is competition.

Today there are several non-stop jet services which are marginal and which the private carriers have either ignored or served inadequately. Among these, the unions point out, are Victoria, Saskatoon, Sudbury, Sept-Îles, and Sydney, Nova Scotia.

What we will see with the privatization of Air Canada is that following the merger of CP Air with PWA we now have only two integrated national airlines: Air Canada and the new Canadian Airlines International. Wardair does offer limited scheduled services between major cities but has nowhere near the fleet service or destinations of the two major carriers. We can see from what has happened in the United States what deregulation has done—that in a country which has 10 times the population that Canada has.

A publicly owned Air Canada would guarantee that service would be continued, particularly service to remote areas. Marginally economic flights would be given a second chance. Pricing practices can be monitored. Above all, a Crown corporation such as Air Canada is at the present time accountable to Parliament, and ultimately to the Canadian public. This public policy window on the industry, we believe, is as important to Canadians as Petro-Canada is in the energy sector.

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The public policy window on the industry will serve more than competitive objectives. It provides a way to monitor adherence to safety standards. It can assist in tracking airline standards in less tangible areas such as inflight service, and bilingual and multilingual capabilities. It can ensure access to airline services for persons with disabilities, those in need of emergency medical treatment, and cargo services.

Finally, a publicly owned airline can be an integral part of a national aerospace industry policy. Through procurement and

off-set policies we could shape the future direction of this key industry in ways that would benefit all of Canada.

We are told by the Minister that what this privatization will do is to permit partial employee ownership as a preferred alternative to the full or partial sale of Air Canada. There is a small group of Air Canada employees who really want to see improvements in the management of Air Canada. They think that privatization is a way to do it. No one should be deluded into believing that this will give the employees control or even a say in how the company is run. Typically, companies use share purchase plans to put a block of shares in friendly hands in case of a hostile take-over attempt or a stock market run. Listening to the concerns of these employees does not rate high on the list of priorities which we should be considering.

In this Bill is a proposal for a partial privatization. Partial privatization is a prelude to full privatization, which we believe is the real objective of the Government, and which this legislation will provide for. Even if the Government continues to own its shares, the Government has made it clear that it will be the private shareholders who will call the tune on the basis of what they consider to be their own commercial interest. The statement that Air Canada facilities will be maintained in Winnipeg, Toronto, Montreal, or anywhere else is a sham. The private shareholders can and will likely decide to cut back on Air Canada facilities in Winnipeg or any other place, if it suits their needs.

Mr. Epp (Provencher): It is in the Bill, David. How do you change it?

Mr. Orlikow: My friend, the Minister of National Health and Welfare (Mr. Epp), states that it is in the Bill. Yes, it is in the Bill. But the fact is that the industry and the private investors have made it very clear that partial privatization will not work, is not in their interests, and is not acceptable. Therefore, partial privatization will only lead, in the not too distant future, to complete private ownership.

In *The Globe and Mail* business section on Saturday, May 21, there is a fairly lengthy article by Cecil Foster which deals with this question. The heading of the article is "Industry Cool on Air Canada sale". The article states:

The behind-the-scenes presence of the federal Government will likely scare investors away from a partly privatized Air Canada, leaving the airline no better off than it when it was totally Government owned, industry observers say.

Also, the imposition of conditions of service on the airline could eventually saddle it with extra costs and remove its flexibility for long-term planning, the industry watchers said.

What are they talking about? They are talking about those provisions in the Bill which will require Air Canada, when it is partially privatized, to maintain its facilities in Winnipeg, Toronto, Montreal, or in other cities.

The article further states:

This means the Government will probably have to sell Air Canada's shares at low prices to avoid the political embarrassment if they do not sell quickly.