

Ministerial Responsibility

An area of ministerial responsibility that I have covered many times is the serious financial problems being experienced by Air Canada in its finance branch in Winnipeg. They are not only experiencing financial problems with millions of dollars going astray, they are experiencing labour problems. The government has taken some initiative in regard to labour problems and has appointed a federal mediator to deal with them, but it is shirking its duty in looking into the financial problems of Air Canada. On a number of occasions I have asked that the Minister of Transport (Mr. Lang) and the Prime Minister dispatch the Auditor General to the Air Canada finance branch to find out what is going on.

The CALEA union has laid documented evidence on the table in regard to financial mismanagement and the poor billing procedures that are taking place, and the millions of dollars that are being lost. What do we get from the Prime Minister and the Minister of Transport? Just the answer that we should not be running Crown corporations from the floor of the House of Commons. This is nothing but a slough off. Then the parliamentary secretary tells me that Air Canada will be coming before the Standing Committee on Transport and Communications and that we can question them. Mr. Speaker, there is no way this committee can conduct an audit. That is impossible. The government has the power to dispatch the Auditor General to the finance branch in Winnipeg to find out what is going on.

Here are some of the charges that are being made. An article in the Winnipeg *Free Press* of Saturday, June 12, states:

But CALEA says Air Canada, through its clearing house section, has paid out \$40 million to other airlines without an audit and, as of September, was backlogged to October, 1973. By not auditing, the airline is simply writing off errors in billings which normally amount to \$160,000 a month, or nearly \$2 million over a year, the union claims.

They provided us with all documents in regard to this. It is not supposition. They go on evidence. I have the documents. The article continues:

According to the study, the Air Canada department which bills other airlines for flight coupons accepted by the Crown corporation isn't in much better financial shape.

The union estimated that \$10 million in coupons were still not cashed in as of September and the backlog at one point last year hit \$20 million. Even if they are eventually processed, the airline has lost millions of dollars in interest on the revenue because of the delay, CALEA says.

In press reports, published in March of last year, an internal Air Canada memorandum between officials in Winnipeg and Montreal was quoted as reporting "significant delays in billing other airlines" because of the processing delay.

This is costing millions of dollars. They estimated that \$1 million in interest was lost due to this poor procedure.

The vice-president of the Air Canada finance branch, Michael H. Cochrane, made some startling statements to the Winnipeg *Free Press* last Thursday. He denied union allegations that mismanagement had contributed to the airline's record \$12.5 million deficit last year. He said two major audits by private firms in the last year had thoroughly studied Air Canada accounting procedures and found them satisfactory. That statement is completely false. There was no detailed accounting whatsoever by any accounting firm in the finance branch. He said that the audits were conducted by Clarkson and Gordon Ltd. for the Estey inquiry into the airline last year, and by Coopers

[Mr. McKenzie.]

and Lybrand for the airline itself. The deficit, he said, was caused by a major decline in passenger traffic, rising fuel bills, and other escalating prices.

In the Coopers and Lybrand report in the 1975 financial statement of Air Canada they state:

Our examination included a general review of the accounting procedures—

I have asked Air Canada employees if Coopers and Lybrand did any examination, if they came into the finance branch in Winnipeg to conduct a proper audit. They said they have seen no one there at all. The last person they saw was in there around 1972 doing some kind of an audit.

Also, under the terms of reference from the Estey report, Clarkson and Gordon were required primarily to review the Winnipeg centralized payment system, the Montreal payment system, the Dorval purchasing system, certain local branch purchases, and the system of authorization for expenditure. The review did not include payrolls and did not examine, except in a very summary fashion, the sub-routines related to specific disbursements. In other words, they did not delve into airline billing.

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I have referred, time and again, to discrepancies involving the finance branch; but the Minister of Transport has sloughed me off. He has refused to conduct a review into the difficulties at the Air Canada finance branch in Winnipeg.

Let me cite another example of mismanagement concerning reporting of ticket sales. As of October, 1975, there was in excess of \$96,000 worth of unreported travel agent ticket sales, which represents a minimum of \$2,208,000 unpaid for transportation. There is no mention of this in the Coopers and Lybrand report, or in the Clarkson, Gordon report. I have also pointed out that Air Canada has allowed debts as large as \$186,000 to accumulate; it wrote them off because it could not collect. I submit that such a fact alone should result in an investigation of the finance branch. After all, the Estey inquiry looked into a \$100,000 item. The report cost the government about \$400,000. Commissioner Estey, after looking into the matter, said that he had never seen such unethical business practices as occurred in the operation of Air Canada. Yet when we ask the Minister of Transport to conduct an inquiry, he sloughs us off. He will not respond to requests for an investigation into the financial fiasco at the finance branch in Winnipeg.

Next I wish to talk about the foundation underpinning Canada's parliamentary system as inherited from Britain, cabinet solidarity. Everyone knows that a cabinet seldom agrees unanimously on any issue, and it would be a poor sort of cabinet if it did. It would nothing but a group of smug yes-men. Yet although solidarity has always been a fiction, the system cannot work without it. Cabinets argue and disagree in private, but once a majority decision is reached all ministers must support it or honourably resign; otherwise the life of any government would be chaotic and short, parliament a war of factions, and the public business neglected and deranged by frequent, indecisive elections.

As a constitutional lawyer, the Prime Minister fully understands this historic fiction and the working facts of