

*National Air Policy*

Hon. members should remember those words "there is room for a substantial expansion of the second, privately-owned airline".

As part and parcel of this 1973 air policy the minister then proceeded to reassign many areas formerly in CP Air's territory to Air Canada. Thus, Air Canada picked up access to Venezuela, Colombia, the former Guianas, Yugoslavia, Lebanon, India and Pakistan as well as popular destinations in Southeast Asia such as Hong Kong. Together with Brazil, these were reassigned to be serviced either by Air Canada or CP Air, or both. All these destinations had formerly been the exclusive right of CP Air and many had been developed successfully into paying ventures. The 1973 policy also assigned all of Africa to Air Canada with the exception of a few sparsely populated North African countries which were cast off to CP Air. So much for CP Air's share of Air Canada's world.

In his 1973 policy statement, the former transport minister, Mr. Marchand, also stated:

This transcontinental policy, favouring 75 per cent pre-eminence by Air Canada, is basically to be retained although I have asked for a report on the feasibility of relaxing certain restrictions on CP operations which now oblige them to originate and terminate all flights in Vancouver and Montreal.

Some five years have now passed, Mr. Speaker, but that promised report has never reached this House. CP Air is still required to turn around its transcontinental flights at Vancouver and Montreal resulting in sections of some flights being forced to operate at times when the public does not want to travel. Because of government interference, CP Air is unable to provide a completely competitive product to the travelling public. Indeed, CP Air has to absorb the costs of this inefficiency against its operating margin, all because of this ridiculous government regulation.

What would be the practical solution to this turnaround problem? To use the words of Mr. H. D. Cameron, a vice-president at CP Air, it would be—

—to have the same type of licence as Air Canada: all their Canadian points are licensed without restrictions against turning flights around at any point.

CP Air has repeatedly attempted to obtain such a consolidated licence which would serve to integrate several of the point to point domestic licences the airline has obtained over the years.

On June 28, 1977 the present minister was quoted in a press release as saying:

The government will have no objection to consolidating all CP Air services in Canada under one licence to allow it to operate flights between any two points named in the consolidated licence.

Well, Mr. Speaker, CP Air subsequently made formal application for such a licence and the request was turned down. So much for the public commitment by the Minister of Transport.

Perhaps the most incredible injustice of all occurred as a result of the Canada-U.S. air agreement of 1974. In his 1973 policy statement the minister of transport announced he would "encourage more co-operation between CP Air and Air Canada in the context of benefits to Canada." I ask members

[Mr. Siddon.]

to listen carefully to one example of such co-operation as described by the president of CP Air, Mr. Ian Gray, in his recent address to the Men's Canada Club of Ottawa:

We recognize that it has been government policy to assure the pre-eminence of Air Canada. But in the case of the allocation of the new trans-border air routes as a result of the Canada-U.S. air agreement of 1974 we believe there was a serious miscarriage of justice.

Both carriers had to make costly concessions in the form of new competition from U.S. carriers as part of the agreement. It was understood that each of the two Canadian carriers would be compensated proportionately in the award of the new routes. Certainly, few anticipated that the division would be anything less than the 25/75 ratio which exists between CP Air and Air Canada on the transcon route. To our astonishment and chagrin, however, Air Canada was handed 11 of the 12 non-regional type trans-border routes and CP Air got only one—Vancouver to Los Angeles.

Mr. Gray of CP Air went on to state:

Air Canada was assigned Montreal-Toronto-San Francisco giving them an additional competitive entry into the Pacific rim market and further encouraging the flow of Canadian traffic across the Pacific by means of inter-line connections with foreign carriers to the detriment of the Canadian economy.

Also damaging to us was the award to Air Canada of direct services from Edmonton and Calgary to San Francisco and Los Angeles. This has the effect of diverting substantial traffic from our services to California.

Such decisions are certainly not in the national interest. I understand that Air Canada is now actively promoting Pacific Rim travel packages from Eastern Canadian points to the Orient and Australia via Los Angeles and San Francisco. Air Canada flies the 20 per cent portion across North America while various foreign air lines fly the remaining 80 per cent portion across the Pacific. What does this do for Far-Eastern tours operated by CP Air out of Vancouver? Indeed, what does such foolishness do for the Canadian economy generally?

I could go on and on, Mr. Speaker, giving examples of questionable commitments by the Minister of Transport. However, I will close with just two more bafflegab utterings by the hon. gentleman. On June 28, 1977, he said:

CP Air is currently allowed 25 per cent of the trans-continental market capacity between Vancouver and Montreal and while this base ratio will be continued for current capacity the airline will be allowed a slight increase through a larger share of growth in traffic to 35 per cent in 1978 and 45 per cent in 1979.

This statement does not say what it appears to say. It does not make any commitment to increasing Canadian Pacific's share to 35 per cent or 45 per cent of the total pie. Given a fairly healthy rate of air traffic growth at 4 per cent per year, the minister's statement merely allows for an increase in CP Air's share of the transcontinental market capacity to about 28 per cent by the end of 1979. My recommendation would be that CP Air should enjoy 100 per cent of the growth on transcontinental routes each year for the next few years until it has achieved an equitable 50 per cent of the trans-continental service. We could then begin to talk about true competition between our two flag-carrying national airlines.

On a final note, Mr. Speaker, I refer to yesterday's press release by the Minister of Transport in which he announced that the government "has no objection to CP Air applying to the Canadian Transport Commission for permission to operate into the Atlantic provinces in conformity with the CTC's regulatory requirements." The truth of the matter is this: CP