

Air Canada

Competition and innovation have produced in a relatively short time two major national air carriers: Air Canada and the Canadian Airlines International, with national, regional and local services provided by themselves and/or their partners. In addition, Wardair is rapidly emerging as a third national carrier to offer additional choice to the travelling public both at home and abroad.

All airlines, including Air Canada, continue to serve important public services. But state ownership is not necessary to carry this out. Indeed, the airline industry's record in Canada since economic regulatory reform was initiated clearly shows that competition and the freedom to move has provided better, safer and more competitive services through market forces than it did under government edict.

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For example, since 1984, weekly scheduled domestic departures across Canada increased by almost 50 per cent by the end of 1987. The figure rose from roughly 6,200 departures per week to 9,300 departures per week. This means that more communities in Canada are getting a greater frequency of service. Therefore, the public is obviously being served better than was the case before.

For its part, Air Canada has grown with the industry and has expanded services. Here, too, the figures are very interesting. For example, departures have increased by 90 per cent since 1984 with the integration of the alliance carriers from 2,369 departures per week in 1984 to 4,489 in 1987. Therefore, there is a situation where Air Canada, with its integrated alliance partners, is providing more services to more communities integrated, and it is certainly all being carried out under the flagship of Air Canada.

As it prepares to enter the 1990s, Air Canada has an aging fleet, and the airlines management must be able to maintain its leadership position and make its own decisions on equipment, financing, and operations with the same options and opportunities as its Canadian and international competitors. The legislation before the House, Bill C-129, will provide Air Canada the freedom it needs to respond quickly and effectively to the demands of its customers, unfettered by the administrative controls and procedures which must apply to Crown corporations.

I would now like to turn to some of the provisions of the legislation itself, and hopefully in the course of doing so demonstrate to the House how closely it follows the commitments that I made in the April 12 statement.

First, within the legislation there are strong provisions to ensure that no more than 25 per cent of issued shares are owned by non-residents of Canada. In this respect, the same restrictions are placed on all transportation agencies under the provisions of the National Transportation Act. Furthermore, no more than 10 per cent of issued shares can ever be owned or controlled by one individual or associated interests.

In other words, the fears raised by some that Canadian carriers such as Air Canada will soon be owned by a United States or foreign airline are simply unfounded. It cannot happen. To remind some Members of the House who seem to have forgotten, the free trade agreement does not affect the Government's right to impose these restrictions in any way.

In addition, the legislation puts the force of law into the Government's commitment to maintain the airline's operational and overhaul centres in Montreal, Winnipeg, and Mississauga. While the legislation guarantees that these operations will be maintained, the same sound business reasons that they were established there in the first place will be the best guarantee that they will not only remain, but grow and expand with the airline and the country.

[*Translation*]

Third, the Bill provides that Air Canada's headquarters will remain in Montreal. Air Canada has played a major role in providing services to Canadians in this country's two official languages. This provision guarantees that the Official Languages Act will continue to apply to Air Canada.

[*English*]

As for the other provisions that I announced on April 12 which serve as conditions for this initiative, Government will continue to work with Air Canada's board and management. I want to assure the House that no shares will be sold to the public by the airline, or by the Government, until we are satisfied that the following conditions are met.

We want to be assured that as many Canadians as possible will have the opportunity to participate in the ownership of the airline through an innovative and broadly based distribution plan. We also want to be assured that an attractive employee share purchase plan, financed by Air Canada, is in place to give Air Canada's 22,000 men and women the chance to become part of their great company. We also want assurances that Air Canada's employment policies will be continued.

Once these and other financial regulatory conditions are met, the Government will permit Air Canada to issue to the public up to 45 per cent of the shares in the corporation. The Government will retain the additional 55 per cent of the shares for a period which will depend upon market conditions and the orderly transition of Air Canada from a state-owned entity to a publicly-held Canadian business.

Mr. Cassidy: That's not what the Prime Minister (Mr. Mulroney) promised.

Mr. Mazankowski: I am sure the hon. gentleman wishes to speak in this debate, Madam Speaker, and I will certainly give him the courtesy of listening to him. I would expect that he would extend the same courtesy to me.

I suspect that the demand for shares from Canadians and Air Canada's employees will be so positive that the Government will be under pressure to allow more people to participate sooner rather than later.