

Senator Olson: I am sure that there is some validity in that assertion. However, it may be useful, in view of the honourable senator's interest in pursuing this matter further, to ask the chairman of the committee to recall Mr. De Bané so that there can be a full and complete discussion with him in the committee on that subject.

Senator Murray: That was the sense of the committee in any case. The committee wishes to have Mr. De Bané back to testify again.

TRANSPORT

AIR CANADA—ANNOUNCEMENT OF INCREASE IN FARES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Marshall, on October 31, November 12 and November 18, made reference to what he feels are the stratospheric fare levels of Air Canada.

Senator Marshall: Not quite stratospheric.

Senator Perrault: Not quite stratospheric, but perhaps subsonic.

Senator Marshall: Subsonic, yes.

Senator Perrault: Between January 1970 and January 1980, Air Canada's economy fare for Ottawa-Toronto increased from \$21 to \$64, or 205 per cent; for Ottawa-Montreal from \$11 to \$51, or 360 per cent; and for Ottawa-St. John's from \$76 to \$144, or 90 per cent.

Air Canada sets its domestic economy fares according to a fare formula, consisting of a single, averaged ground handling or "boarding" charge and a single line-haul charge per mile of travel. Certain of Air Canada's short haul fares, such as Ottawa-Toronto and Ottawa-Montreal, have been below what they should have been under the fare formula. Air Canada is gradually eliminating such "anomaly" fares by increasing them at a higher rate than fares already at the level required by the fare formula. This helps to explain why the increases on these routes appear to be extremely large.

Air Canada advises that its air fares increased at a slower rate than the consumer price index during the 1970s. More recent air fare increases have had to provide for operating cost increases well above the consumer price index. At the beginning of 1980, Air Canada expected that the cost of its Canadian operations would increase by at least 11.5 per cent, due to inflation. It also expected certain major cost increases, such as 17.7 per cent for fuel, excluding the effect of any increase in the price of fuel after January 1 or any new excise taxes. For 1981, Air Canada expects an 18 per cent increase in its domestic operating expenses.

Air carriers are required to file with the Air Transport Committee of the Canadian Transport Commission details of new fares which they intend to take effect on a certain date. The Air Transport Committee examines the proposed fares to determine whether they are "just and reasonable," as required by the Aeronautics Act. Consequently, the carriers are not necessarily able to increase their fares by the desired amount.

[Senator Murray.]

For example, the committee reduced a proposed 7 per cent increase by Air Canada, effective October 1980, to 3 per cent.

Air Canada has been allowed the following fare increases in 1980: 9.5 per cent in March, 3.2 per cent in June, 3 per cent in October, and 1 per cent in November for the new petroleum compensation charge, which Air Canada says amounts to an increase of 3.1 cents per gallon of fuel. The other major Canadian carriers have been allowed similar fare increases during 1980.

Air Canada's most recently announced fare increase of 9.5 per cent is not to take effect until January 5, 1981. The Air Transport Committee has 45 days to consider whether this proposed increase should take effect.

Senator Marshall: While I have to accept the answer read by the government leader, I do not accept what Air Canada or the Air Transport Committee are saying. I think I will discuss with the distinguished Chairman of the Standing Senate Committee on Transport and Communications the likelihood and advisability of bringing Air Canada or the Air Transport Committee before his committee to quiz them a bit.

PRIVATE BILL

PRESIDENT OF THE LETHBRIDGE STAKE OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS—SECOND READING—ORDER STANDS

On the Order:

Second reading of the Bill S-16, intituled: "An Act respecting the President of the Lethbridge Stake of the Church of Jesus Christ of Latter-day Saints".—(*Honourable Senator Manning, P.C.*)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I know that Senator Manning intended to move second reading of this bill today, because he specifically asked that it be put over to this date. He has not communicated with me about it, and I can only assume that something unexpected has prevented his being here. Therefore, I suggest that this order be allowed to stand.

Order stands.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B)—ORDER STANDS

On the Order:

Consideration of the Report of the Standing Senate Committee on National Finance on the Supplementary Estimates (B) laid before Parliament for the fiscal year ending 31st March, 1981.—(*Honourable Senator Everett*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I was speaking to Senator Everett today, and he said that he had not intended to make a speech on the