

*Canadian National Railways*

another. While one cannot say that this request will not preclude the possibility of further change, the bill is not making any change in the capital structure, form of ownership or management of Air Canada.

Basically, the bill is for the purpose of providing funds for capital expenditures, and if necessary for current operating expenditures of Air Canada in its present form, so that it may carry on what most people consider to be a very effective job in the interests of Canada.

**Mr. Forrestall:** Mr. Chairman, would the parliamentary secretary be good enough to indicate to the committee whether the authority we will be approving has in way been used to date? In other words, have moneys been raised on the private market through the issue of debentures, securities or whatever other instruments Air Canada might choose?

**Mr. Gray:** I am informed that Air Canada has not before this had recourse to the private market. It has not had the authority to do so. It will have that authority only if the bill obtains the approval of the house.

**Mr. Bell:** Mr. Chairman, I appreciate that the parliamentary secretary has said he cannot give us a complete answer as to what is planned for Air Canada with regard to it becoming public. However, I wonder whether the parliamentary secretary can give us any information—I notice that the President of the Treasury Board is present—as to whether any studies which have been held into this question, about which we are all concerned, show optimism in so far as concerns Air Canada being able to go its own way as a separate entity. Is it not a fact that some of the investment experts who have been involved in this question have said pointedly, in a pessimistic way, that there would have to be a considerable time lapse before the company would be in a position to put forward a complete balance sheet and the like?

I ask this question without going into the matter of the bond market in Canada having a problem at the present time, for reasons that will be unfolded next week. Can any of the ministers present, or the parliamentary secretary, tell us what in general terms has been the thinking about Air Canada going its own, separate way?

**Mr. Drury:** Mr. Chairman, the hon. member will appreciate that this is a rather complicated question with a great deal of importance given to value judgments. A number of opinions have been expressed, not all unanimously. Indeed, had the view been simple and unanimous, the answer would have been revealed a considerable time ago. It is because there is a lack of unanimity and the problem is a difficult one to resolve satisfactorily that the necessary time is having to be taken to make sure we get the right answer.

I do not think it would be helpful if I were at this juncture to try to, in effect, produce a graph of temperature changes of these studies. I hope the hon. member will be patient and wait until the final assessment is made.

● (5:30 p.m.)

**Mr. Bell:** Mr. Chairman, I thank the minister for giving us at least that information. I ask the minister whether he can say that the general intention is to carry forward with a plan of bringing Air Canada into a fully competitive position with Canadian Pacific Airlines, and allowing it to have some sort of public image. While the details are difficult and the time may not be appropriate, certainly there is some agreement that we should proceed in an attempt to modernize Air Canada and give this company an even break. We should assist the officers of this corporation, regardless of who becomes president, who want to stand on their own feet and look to the future in a proper way. Perhaps this can be done by adopting an appropriate accounting and research system. I do not mean to imply that there is not a proper accounting system, but I am sure the minister will admit that there has been a particular type of operation.

If the minister made such a statement or assurance this might place those of us who have fought for many years to see that Air Canada gets an even break in a good frame of mind. This is particularly important in view of the inroads made by Canadian Pacific into the air business in Canada. Will the minister say that he personally favours Air Canada going public, or does he share the general feeling that this should be attained at some time in the near future?

**Mr. Drury:** The hon. member has very considerable knowledge of the problems facing Air Canada. In the space of a couple of