

that deficit-producing service. Thus, people in that area would have been left entirely without air service.

As to Quebecair, it is a regional air line serving Gagnonville, Manicouagan, and Wabush, and I am convinced that at least five or six companies would be willing to operate that air service because it is profitable. Indeed, if Quebecair decided to abandon that service tomorrow morning another company would seize within 48 hours the opportunity of running a service into those districts. That is the difference.

In the case of the subsidies paid to Pacific Western Airlines, the public was facing the threat of having no air service whatsoever.

In the case of Quebecair, the company was facing some financial difficulties, but I am satisfied that the citizens in the area mentioned by my hon. friend would not have gone without air services.

Mr. Bourget: Mr. Chairman, the minister mentioned the financial difficulties of Quebecair. Does the minister not believe that those financial difficulties were increased because of the minister promising the company exclusive operation in some districts, and more particularly between Quebec city and Seven Islands?

Would the minister, when replying, tell us whether he made the following statement at Rimouski on February 18, 1961, and I quote:

As far as Quebecair is concerned, its problems are now being considered and a satisfactory solution will be found and carried out in the next ten days.

In that case, could the minister tell us if the financial difficulties experienced by the company have not, in fact, increased because of the promises which he made in Rimouski?

Mr. Balcer: I differ with my hon. friend on that point, Mr. Chairman, because the company had at that very time acquired some very expensive equipment in the last few months. When T.C.A. decided to reduce their rates, Quebecair had to face a rather serious financial problem.

As far as I am concerned, I attempted several times to assist the company through several means. We were not successful in every case. I tried to encourage its management as far as possible because every week bankruptcy loomed on the horizon. I always tried to maintain that service because the company employed several hundred employees, thus providing for the subsistence of part of the population of Rimouski.

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I remember that during that difficult period the dedicated member for Rimouski (Mr. Morissette) was here in Ottawa asking me to try to maintain the Quebecair service.

We succeeded in maintaining it and today the company's business is more encouraging. Everything indicates that the company's future is bright, and that the population of the lower St. Lawrence will continue to benefit from the service of that company and of many others serving the area.

Mr. Bourget: Mr. Chairman, I can see why the minister appears to be so optimistic about Quebecair, but it would be more interesting to find out what concrete steps are being taken by the government to actually help that company.

The minister told me a while ago that the government itself had rejected the air transport board's recommendation. Then, how can he feel so optimistic now, when in my opinion the government has not done anything yet to help the company.

Mr. Balcer: As I said earlier, Mr. Chairman, the last time Quebecair requested a subsidy, the air transport board made quite an extensive inquiry into the company's business operations, including flight schedules, equipment, operating costs as well as its general financial position.

When the experts of the air transport board referred their recommendation to the government, there were certain conditions to it. Well, all those conditions have not been met but the company did carry out several suggestions laid down by the air transport board.

There has been a complete financial reorganization of the company and it is no longer in danger of bankruptcy. Its financial position is sound now and we have every reason to believe that it will be able to meet its obligations and keep on serving the population of the lower St. Lawrence area.

Mr. Bourget: Does the minister mean to say that at present, the company does not need a grant or financial assistance?

Mr. Balcer: I am not saying that the door is closed but when all the conditions have been met, we shall reconsider the advisability of a subsidy.

When the final report of the air transport board with regard to its enquiry throughout the country has been published, that is in a