Canada will be asked initially to offer a treasury issue to all Canadians. On completion of this initial offering the Government's holding will be reduced to no less than 55 per cent of the shares of Air Canada.

In January of 1985 the Prime Minister (Mr. Mulroney) said that while Air Canada was not for sale at that time "There may be some persuasive arguments in the case of Air Canada that some people can make in regard to the disposition of equity. I'll take a look at it, but Canada needs a national airline".

The policy announced today is fully consistent with the Prime Minister's statement to ensure the existence of a national airline while allowing for the disposition of equity so as to attract new capital which is clearly required.

Since that statement was made some three years ago we have taken a careful and exhaustive look at the industry and at Air Canada, and indeed there are persuasive arguments for taking this initiative at this time. Canada has now not one national airline but three. The results of regulatory reform and the passage of the National Transportation Act have created a new environment and with it a stable, viable, and very competitive airline industry in Canada.

In 1988, partly due to the policies of the Government and largely due to the remarkable success stories of the employees of Air Canada and its competitors, both Air Canada and the industry are ready. Indeed, blind devotion to state enterprises would be the only possible reason for not proceeding at this time. Government should not jeopardize the airline's future by denying it the chance it wants and has earned, after 51 years in the public sector, to fly independently.

Some Hon. Members: Hear, hear!

Mr. Mazankowski: While full details of this initiative will be contained in the legislation and will be developed by the Board of Air Canada over the coming months, I wish to inform the House further today of a few of the most important provisions under which this initiative will proceed.

First, Air Canada will be directed to use innovative new approaches to ensure that as many Canadians as possible will have the opportunity to participate in the ownership of the airline. Second, an employee share purchase plan will be established and financed by Air Canada and will be ready at the time of the initial offering. Third, no individual shareholder will be permitted to own over 10 per cent of the publicly issued shares.

Ms. Mitchell: B.C.—BCRIC all over again.

Mr. Mazankowski: I know my socialist friends across the way don't like private enterprise except in Oshawa.

Fourth, cumulative foreign ownership will be subject to a restriction of 25 per cent of the publicly issued shares. Fifth, the Minister responsible for privatization will retain the Government's shareholding but will not intervene in Air Canada's commercial decisions. Sixth, the Government will instruct the Chairman of Air Canada's Board of Directors to vote its shares in accordance with the majority of the public shareholders. Therefore, it will be clearly an arm's length relationship.

The major operational and overhaul centres which have been built up over the years in Montreal, Toronto, and Winnipeg are sources of great pride for Air Canada and fundamental to the success of this airline. No centres will be degraded. The overhaul base in Winnipeg will continue as a prominent and integral function of Air Canada and an aircraft fleet will continue to be maintained there. These centres which have been built up over the years will be continued as the airline builds for the future in the new market-driven environment.

The provisions of the legislation and/or the articles of incorporation of the new company will ensure that the location of the corporate headquarters remains in Montreal, that the requirement that Air Canada provide services in both official languages consistent with the Official Languages Act will be maintained, as well as adherence to the Employment Equity Act. Air Canada employees can be assured, furthermore, that Air Canada policies such as those governing salaries, pensions, benefits, relationship with unionized workforce, official languages, and employment equity will be continued.

Of course, the National Transportation Act will continue to give the Government complete jurisdiction over critical areas such as safety and security, our first priorities in setting any transportation policy.

[*Translation*]

Mr. Speaker, I am pleased to have the privilege to announce the Government's decision with respect to the future of Air Canada.

[*English*]

It marks the ultimate success in the 51 year history of Air Canada. From a modest beginning it has grown to a vibrant, optimistic, and promising company of 22,000 employees, employees eager and capable of taking on the challenge of the 1990s in direct partnership with Canadians without Government in the middle.

I can think of no more appropriate way to conclude my statement than to quote Air Canada's own invitation to all Canadians to "share our tomorrows".

Some Hon. Members: Hear, hear!

Mr. Speaker: I should inform the House that I am advised that if under the circumstances representatives of the opposition Parties wish more time, the Government is in agreement with that. I take some guidance from the Hon. Member for Humber—Port au Port—St. Barbe (Mr. Tobin).

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, I am prepared to respond now and, of course, reserve