

*Canadian National Railways*

**Mr. Knowles (Winnipeg North Centre):** Mr. Chairman, since I understand that the authority that is being given to Air Canada to borrow money in the market is new, can the parliamentary secretary say whether there is any relationship between this new authority and the study that is being made by a special committee under the chairmanship of the minister without portfolio.

• (5:20 p.m.)

**Mr. Gray:** Mr. Chairman, I am not in a position to say that. This bill merely extends the flexibility of Air Canada with respect to its financing. I am informed that if any change is to be made in the status of Air Canada, it must be done through parliament with parliamentary approval.

**Mr. Knowles (Winnipeg North Centre):** Mr. Chairman, could we be told whether this is the precursor of a change?

**Mr. Gray:** Mr. Chairman, I understand the interest of the hon. member in this question but I am afraid I cannot assist him by saying that, or anything further than I have said.

**Mr. Knowles (Winnipeg North Centre):** I realize the limitation that may face the hon. member because he is only a parliamentary secretary; but could we receive an assurance about this at some point, even if it is on third reading, by a minister? It seems to me it is not without reason that I ask for this kind of assurance.

**Mr. Gray:** Mr. Chairman, I will be happy to look into the possibility as to what, if anything, can be done with regard to the hon. member's request. At the moment I can only repeat what I have said, that the changes in the ownership status of Air Canada would require, I am informed, parliamentary approval, and that the authorization being asked for in this bill is with respect to a broader and more flexible means of financing for Air Canada—I may add, more flexible financing for Air Canada in the corporate structure which it now has.

**The Acting Chairman (Mr. Richard):** The hon. member for St. John's East.

**Mr. McGrath:** Mr. Chairman, my question is not related to this subject, so if another hon. member has a question on the subject perhaps he should be given the floor.

[Mr. Gray.]

**Mr. Crouse:** Mr. Chairman, I should like to pose a question to the parliamentary secretary. Could he elaborate on the \$75 million required by Air Canada, and the use that will be made of it? It is my understanding that Air Canada is today rather frustrated because of the way the 1966 Pickersgill aviation policy has worked out internationally. I believe the company feels it has been frozen out of all international growth and it has been planning a major push to try to convince Ottawa that it must change the rules in order to allow it to fly into the Middle East, Africa, India, the coast of South America to Rio, and in due course around the world.

This is certainly desirable, and I am somewhat concerned that to date the government has not been able to appoint a president of this organization. This of course has resulted in corporate morale tumbling, if you will, to perhaps the lowest level within the corporation. This is not desirable in an organization of that size. Therefore, Mr. Chairman, I wonder whether the parliamentary secretary can elaborate just a little more on the future of Air Canada.

I agree with the hon. member for Saint John-Lancaster that Air Canada should stand on its own two feet. There is no reason, in my view, why it could not be a separate corporate entity and in this way make an even greater contribution to development in this country. But as long as we have this impasse wherein the Minister without Portfolio has been asked by the Prime Minister to determine whether there can be a corporate growth plan in which Canadian Pacific Airlines and Air Canada can be amalgamated, we are bound to continue having these frustrations within the management of Air Canada. I wonder whether the parliamentary secretary could throw a little more light on this subject and give us a better idea of exactly what is happening in this very important section of our transportation industry.

**Mr. Gray:** Mr. Chairman, the hon. member first of all asked what use will be made of the \$75 million. Basically, it is for capital expenditure to supplement the self-generated funds arising out of the operations of the corporation. I believe the capital budget of Air Canada has been tabled in the house in the form of an order in council and is therefore publicly available. I would also say that the request in the bill to parliament to authorize this type of capital expenditure, and so on, should not, I think, really create any concern one way or