

TRANSPORT

NATIONAL AIRLINES—GOVERNMENT POLICY

Hon. H.A. Olson: Honourable senators, yesterday I asked the Leader of the Government whether or not the federal government has a national policy respecting airlines, and I was amazed to learn that they do not have such a policy.

Hon. Lowell Murray (Leader of the Government): But we do.

Senator Olson: Just deregulate, and then hands off. That is the gist of what he said. Yesterday, Nationair was grounded for a number of reasons, but primarily because they are in financial difficulty and apparently unable to pay their insurance fees and that sort of thing. Of course, some passengers who have been stranded in various places around the world have been able to make reservations on other airlines and to get home.

Is the government taking enough interest in air passenger policy to do whatever is necessary to make sure that two other airlines, namely Canadian Airlines International and Air Canada, who have also admitted that they are having severe financial problems, will not find themselves in a situation where, at some point, the National Transportation Agency will just simply suspend their permit to fly, thus leaving Canadians stranded all over the world?

Senator Murray: Honourable senators, with regard to Nationair, that was primarily a charter operation. It did not have a national system of scheduled services. The information that I have is that the National Transportation Agency does maintain the framework within which charter services operate, and the regulations require that advance payments made by consumers and tour operators for international charter service must be protected. In the event that an air carrier fails to provide charter transportation, the protected funds become available to the tour operator. The tour operator may use these funds only to reimburse consumers or to charter another air carrier.

While I do not have any information further than that from my colleague the Minister of Transport, the information I hear through the news media this morning is that the usual process is being followed in the case of Nationair.

Senator Olson: I have a supplementary question. The minister mentioned that, for airlines who run a charter service, there is a requirement that the funds be protected so that passengers who may be stranded in various places around the world can get home. I understand that is going on.

• (0920)

Does that requirement apply to regularly scheduled aircraft too? Do people who buy return tickets have a guarantee that they will be able to get back in the event that an airline is

suspended from flying? I do not think it does, but I should like to hear from the minister.

Senator Murray: Honourable senators, the regime is somewhat different and I would have to get a precise statement on the matter from the Minister of Transport.

Senator Olson: That is what we would expect, but are we not moving towards having a national policy so that the people of Canada know what the future of their airlines will be? Or is it simply that, now that the industry has been deregulated, the market can take care of things from here on, as I understood the minister to say yesterday?

Senator Murray: Honourable senators, we do have a policy, and I told the honourable senator yesterday what that policy was. It is a fact, and the honourable senator alluded to it yesterday, that there remains considerable over-capacity in the overall airline industry network in this country.

My colleague Mr. Corbeil has already indicated that we shall probably have to examine the regulatory regime to ensure that it continues to promote a healthy and competitive environment for the airline industry.

Senator Olson: So the answer is that you are just monitoring this situation at the present time to see what might happen, and in the meantime you will stand idly by while these airlines continue to sink deeper and deeper into debt. That is what has been happening, and I am just trying to find out if the government, on behalf of the Canadian people, intends to take any interest in this problem and do something about it before both airlines go broke.

Senator Murray: Honourable senators, I am sure that Senator Olson knows as well as anyone in this chamber that our Canadian airlines are not unique in the world in terms of going through a period of financial difficulty. The airline industry, worldwide, has for some time been going through a severe shakedown with a great deal of restructuring taking place. We are not immune to that. It is taking place here as well.

The government is determined not to over-react or over-simplify these very complex issues in dealing with any given corner of the problem. We believe that our policy is sound. We agree that the regulatory system has to be, as my friend puts it, monitored, and we want to ensure that it is such as to promote a healthy and competitive environment for the airline industry in the interests of consumers.

Senator Olson: Honourable senators, financial disaster or financial collapse is, in my view, not simply one corner of the industry, as the honourable minister puts it. It is the whole industry, and that is what Canadians are interested in. They want to know whether their federal government, which has the responsibility for the air industry because it is a trans-provincial industry, will show some interest and set up some rules and regulations respecting that industry so that it does not collapse.