

*Air Canada*

those countries indicate what has happened. They are at an all time high. Last year in the United States share prices were off 20 per cent and Canada was off 33 per cent. In fact if holding down the price of oil is advantageous to a business economy, then the hard currency countries such as Japan and Germany which pay world prices for oil should be in trouble and we should not.

If there is any value in further statistics, perhaps the minister will inform us in committee. But it seems to me if we are looking to a demand that oil companies, along with other companies, are required to have a specific amount invested in their particular industry, we are courting trouble. After all that is how the Russian system operates. It is based on attempting to assess by government decree what each factory and what each industry should produce. The U.S.S.R. has not given its citizens as nearly as high a standard of living as that in the western world where there is much more flexibility.

I wait with considerable interest to hear an explanation concerning some aspects of this bill. I do believe that if this is the thin edge of the wedge to attempt to tell industry what it should do, it will not in the long run solve our problems.

**The Acting Speaker (Mr. Turner):** Is the House ready for the question?

**Some hon. Members:** Question.

**The Acting Speaker (Mr. Turner):** Is it the pleasure of the House to adopt the motion?

**Some hon. Members:** Agreed.

Motion agreed to, bill read the second time and referred to the Standing Committee on National Resources and Public Works.

\* \* \*

**AIR CANADA ACT, 1977****MEASURE RESPECTING REORGANIZATION OF AIR CANADA**

**Hon. Otto E. Lang (Minister of Transport)** moved the second reading of and concurrence in amendments made by the Senate to Bill C-3, respecting the reorganization of Air Canada.

He said: Mr. Speaker, I should like to say a few words concerning the amendments adopted by the Senate and indicate our support for them.

A good number of amendments as printed in *Votes and Proceedings* are indeed simply editorial changes and renumbering of particular sections to improve their order. There are, however, several amendments of substance. A group of these deal with the manner of reporting and considering matters in parliament. They are very easy for members to agree to and support. One amendment makes clear that any direction given to the corporation would be by order and, therefore, automatically come within the purview of the statutory instruments committee.

[Mr. Ritchie.]

The Senate also noticed that a provision in the bill indicated that reports could be tabled and made available to committees of the House of Commons. They thought it appropriate that this should read parliament, and that also seems unexceptional.

The Senate also thought it desirable to be sure any orders made in connection with Air Canada would also be tabled in parliament. That now appears in the amendments.

The most important change in substance was the remaining amendment which was the repeal by the Senate of section 6(2) which had been incorporated in the original bill. This was the section which would enable us to make quite sure that any activities which might not at this moment be contemplated as part of appropriate airline business, or indeed related to it, be within the power of Air Canada to carry out, but with the control that governor in council would first have to approve it. There was some concern about the breadth of this in the Senate. However, I see no real difficulty in removing it and we are also recommending concurrence in this amendment.

It is true that sections of the bill incorporating Air Canada's powers as written are very broad and should allow for almost anything that might have been contemplated to have been undertaken by Air Canada in relation to airline activities. I see no great difficulty in saying that if doubt had to be resolved beyond that, we could be back in parliament dealing with it and specifically assuring Air Canada had the power. I should say that Air Canada is, of course, a very major corporation and the temptation might have been to give it power simply of a natural person and avoid even this problem of whether a section such as 6(2) should have been included. The concerns of parliament as to what may be included in its operation no doubt are of consideration in holding the limit on that.

Air Canada has been operating increasingly effectively, and a recent preliminary analysis of its position for the year 1977 confirms that. The corporation will make a significant profit on its 1977 operations compared with a loss in 1976. It is interesting too that the preliminary analysis shows that increases in costs were really of sufficient size that the increase in revenue to Air Canada from the various fare increases which did take place really only offset those increases in actual cost. Therefore, if nothing more had happened, Air Canada would have once again been in a loss position. Two things did happen which are a credit to the direction in which the corporation is going. One is an improvement in income from certain subsidiary activities such as computer operations in reservations which is being used by other companies. This would pretty well have offset the 1976 loss.

● (1622)

The profit would in fact be almost entirely attributed to the fact that in the course of 1977, with improved efficiency of schedules, route management and aircraft management, the number of passenger miles will have increased while the number of people actually involved and employed in carrying out the service will have decreased. This combination of