

Supply—Transport

reached with the result that C.P.A. would not be able to fly to Australia. Can the minister tell us what the situation is at the present time?

Mr. Chevrier: I do not think there is any decision that C.P.A. cannot fly to Australia. On the contrary, C.P.A. can fly to Australia. The only point was a greater frequency of the service. I did not expect this matter to come up and I must draw on my memory. My recollection is that C.P.A. was applying for a higher frequency of service.

Mr. Green: Once a week.

Mr. Chevrier: I think that is it. They are operating now on a temporary permit, and there has been no question of the Australian government not renewing the temporary permit. When C.P.A. applied through the Department of Transport for increased frequency I am informed that the government of Australia countered with a proposal for additional facilities in Canada. For instance, I think they asked for a through service to London via Montreal. That really is the state in which the matter stands at the present time. Canadian Pacific Air Lines is not affected in any way in its right to fly under the present schedule of service, but the additional frequency is being held up until attention can be given to the demand from Australia.

Mr. Green: The Australian air line flies into Canada twice a week, does it not?

Mr. Chevrier: I believe it does.

Mr. Green: Apparently C.P.A. is only allowed to fly to Australia once every two weeks and cannot maintain that operation unless it is allowed to fly every week. Is that not the position?

Mr. Chevrier: No, I would not say that. While C.P.A. would like to get greater frequency, I do not think they are too anxious about the whole position.

Mr. Green: The minister feels that some agreement can be worked out so that the service to Australia by C.P.A. will not have to be discontinued?

Mr. Chevrier: Oh, I would hope that it would not. It is my strong hope it will not be discontinued and that it will be possible to find ways of increasing it.

Item agreed to.

[Mr. Green.]

Air transport board—

618. Subventions for air carriers, as detailed in the estimates—further amount required, \$80,000.

Mr. Winch: I asked that this item stand so that the minister could explain the situation with respect to the requirement of an additional subvention of \$80,000 which I understand is for Queen Charlotte Airlines. I ask the question in view of the situation that has existed during the past year where Q.C.A. has had a virtual monopoly on certain runs and some other companies have said that they were prepared to go in there without any subvention.

Mr. Chevrier: Queen Charlotte Airlines has no monopoly. Last year and again this year Q.C.A. found itself in very difficult economic circumstances, and the government decided to come to its assistance rather than abandon some of the services that it was providing. For instance, if it were not for the subsidy which the government granted last year and the subsidy which is in the estimates this year it would not be possible for Q.C.A. to fly from Vancouver to Tofino on the west coast of Vancouver island, from Vancouver to Alert Bay and the Minstrel island area, and from Vancouver to Powell River. These are services which were considered essential by the government, and on the assurance from Q.C.A. that, with this additional subsidy, they would be able to provide the service we decided to put this amount in the estimates.

Mr. Green: Apparently the minister's department has authorized some investigation into the affairs of Queen Charlotte Airlines. I have here a press dispatch from the Vancouver *Sun* of March 22, a week ago today. It reads:

Investigation of the operations of Queen Charlotte Airlines is being conducted by the Department of Transport and the Vancouver firm has been ordered by the government to "put its affairs in order".

The dispatch goes on to say that there has been competition from another line, Pacific Western Airlines, which does not ask for any subsidy, and it quotes the minister as saying, with respect to Q.C.A.:

We told them to put their house in order on their profitable lines. Then we'll see what can be done to maintain service on their unprofitable lines.

The dispatch continues:

The minister stated flatly that it is not the government's policy to subsidize air lines and he admitted that Ottawa has been embarrassed by the necessity to aid the losing air line.

That report may not be correct, but would the minister say something about it?