

QUESTION PERIOD

[Translation]

AIRLINES

QUEBECAIR—GOVERNMENT POLICY

Hon. Martial Asselin: Honourable senators, my question is for the Leader of the Government in the Senate. After I asked some questions earlier this week about the Quebecair situation, the Leader of the Government tabled in this House the statement of the Minister of Transport, the Honourable Jean-Luc Pepin, which suggested to the Quebec government a solution to the problems of Quebecair.

I have reread carefully the document tabled in the Senate, and I now have a few questions, including one which I would like to ask immediately of the Leader of the Government.

In his statement, the Minister of Transport, Mr. Pepin, says that he will create a new company, Quebecair 2, and that the previous company—let us call it Quebecair 1 for the purposes of this discussion—would be responsible for the debts and liabilities of the Quebecair company now in existence. It has been reported that the debts of the existing Quebecair company amount to several million dollars and that these debts would have to be repaid, among others, by the Fédération des Caisses populaires du Québec, which has interests in this company, and by the Quebec government, which has made a substantial investment of \$15 million. In view of the substantial indebtedness of this company, it is obvious that the people with assets in Quebecair will not be able to repay the debts completely without possibly filing for bankruptcy or transferring certain assets.

The question I have asked myself is the following: Why is the approach of the federal government different in this case from the procedure it followed when it bailed out companies such as Dome, Chrysler, Maislin and all the other companies in financial difficulty? The government stepped in to reorganize these companies financially and give them a new impetus, while in the case of Quebecair, we are told that the company is in trouble, that it will have to pay off its own debts, that nothing will be done about them and that the government will simply ask that a new company be created called Quebecair 2 in which equity will be shared between the government of Quebec and Air Canada. Why is the federal government taking, in the case of Quebecair, a different approach from the one it took with regard to the other companies I have mentioned?

• (1410)

[English]

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Asselin, of course, asked the same questions the other day, and now—

Senator Asselin: Not the same questions.

Senator Olson: No, not exactly the same questions, I agree, but since he read the communication sent by the Minister of

Transport to Mr. Clair, he is now asking more specific questions.

I had intended to reply to the questions asked the other day when delayed answers were called, but I think, without getting into the submission Senator Asselin has made, it would be useful if I were to reply to those questions now.

Senator Asselin asked whether Quebecair's debts would be honoured by the proposed new company, Quebecair 2. I believe Senator Asselin will agree with me that it is clear from the telex sent by the Minister of Transport to Mr. Clair that Quebecair's debts would not be honoured by Quebecair 2, as is outlined in the proposal.

Senator Asselin also asked whether there would be job security for Quebecair employees.

The Minister of Transport proposed in his telex that the two levels of government "develop a plan to ensure that all employees of Quebecair at the time of the creation of Quebecair 2 are protected from the negative consequences that might result".

Beyond that the minister can provide no absolute guarantees. It should be pointed out that it is unrealistic to expect the minister to impose such a condition on Air Canada at a time when Air Canada is being forced, because of the economic turndown, to lay off some of its own employees. However, the minister has undertaken to make every possible effort to maintain job security for Quebecair employees.

Finally, the federal government has not yet received an official reply from Mr. Clair.

[Translation]

Senator Asselin: I wish to thank the Leader of the Government for providing this information. However, he will agree that he has not answered the specific question I asked earlier, namely, why the new company, Quebecair 2, will not honour the debts of the original Quebecair, which will probably force the latter to declare bankruptcy or relinquish its assets, because it will be impossible for shareholders to pay the company's debts of over \$100 million.

Why is the federal government's approach to this case different from that taken in the past with other companies who were experiencing the same kind of financial difficulty? I quoted the minister, I mentioned Dome, Chrysler and Maislin, where the federal government intervened, either by injecting new capital in order to give the companies in question a financial boost or by guaranteeing very substantial loans by our lending institutions to help the companies out of their economic and financial morass.

Why did Quebecair not get the same treatment? Why not take over Quebecair with its present financial structure and then restructure the company and give it a fresh start by directly investing funds or by guaranteeing loans as was done in the case of the companies I have just mentioned? Why treat Quebecair differently?