

Supply—Transport

Mr. Pigeon: He replaces him very well.

Mr. Balcer: Now, Mr. Chairman, I come back to my hon. friend's question. He asked why we granted that subsidy to the Pacific Western Airlines Company and why we had not seen fit to grant one as yet to the Quebecair Company.

In the case of the Pacific Western Airlines Company, it is a subsidy for a particular route. As I said last night, Pacific Western Airlines took over that route in 1957, after the withdrawal of the Canadian Pacific Airlines. At the time, the company was getting a rather substantial subsidy from the Post Office Department. The subsidy was discontinued and the Pacific Western Airlines asked the air transport board for permission to discontinue the service entirely.

We realized the government would be faced with the problem of certain communities being deprived of an air line service for the first time in many years. That is why the government decided to give the company a temporary subsidy of \$25,000 a month, but only for that route in particular. That subsidy is only temporary and it will be paid in its present form only until the air transport board has made a complete report on what is commonly called the prairie milk run, that is the air service in the prairie provinces.

The request of Quebecair for a subsidy was based on the fact that this company was in a rather serious financial situation in 1961, which was not necessarily caused by one route in particular. Even though Quebecair had discontinued to serve several points on its routes, the latter were already served by several other air lines. Therefore, the public would not have been entirely deprived of air service. With regard to the other points not already served by the two air lines, Quebecair and T.C.A., other air lines were willing to provide such service. Consequently that request was quite different from the other.

As far as the financial difficulties of Quebecair are concerned, that question has already been studied by the air transport board and by myself. After a thorough study of the financial situation and the transport facilities of the company, the board made suggestions and examined, with Quebecair officials, the ways and means to balance the financial situation of the company. In fact, I am happy to be in a position to state today that the company has undergone a serious reorganization, concerning the financial aspect as well as operation and air services, and that it is now in a much better financial situation.

However, Mr. Chairman, this does not mean that Quebecair will not be able to get a subsidy when the air transport board has completed the general inquiry it is now making.

As I said a moment ago, the air transport board is conducting a complete survey of all regional services throughout the country. It held its last public hearing a few weeks ago and we expect to receive a full report within a couple of months. It is quite likely that the board may recommend subsidies for some routes and some regional air carriers. I am of the opinion that, at that time, Quebecair's application may be studied again by the air transport board and, should it be found then that the financial situation of Quebecair warrants a subsidy, according to standards that will have been set by the air transport board, following its inquiry, Quebecair will be treated on the same basis as the other air carriers.

Mr. Bourget: Mr. Chairman, if I understood the minister correctly, I think that Quebecair has applied to the air transport board for a subsidy. In that case, could the minister tell us if the board has recommended that the government pay the subsidy? In addition, could the minister tell us the amount of the subsidy the air transport board has recommended to the government?

Mr. Balcer: Mr. Chairman, subject to correction, I think it was \$340,000 payable in a lump sum. On the other hand, in its recommendation to the governor in council, the board set five or six conditions.

One was the refinancing of the company. In addition, the board suggested that Quebecair reduce its equipment, following which the company returned its two largest planes to its suppliers who have not yet formally accepted them. The governor in council will make no final decision on Quebecair's application until those conditions have been implemented.

Mr. Bourget: Mr. Chairman, I understand that the recommendation—

(Text):

The Chairman: I think I recognize the hon. member for Moose Jaw-Lake Centre.

Mr. Pickersgill: On a point of order—and I am seeking to raise this in a non-controversial way because Your Honour is fairly new in conducting proceedings from the chair in committee of supply, I think it has