

*National Air Policy*

concern. That was to ensure that, as a result of competition, we did not move into a situation where extra capacity was put in place and, an attempt made to meet particular competition without concern for the convenience of the travelling public.

We do not want large numbers of empty seats being flown across this country. Those must invariably be flown at a cost to Canadians, either through the fares which are charged or a payment to the airlines in any way by the government. It is therefore our policy to move progressively toward an atmosphere of competition, in which other techniques are in place to ensure that over-capacity does not occur at the expense of the travelling Canadian public.

It has been one of my strongest drives to have airlines, regionals as well as mainlines, look at their capacity and not offer so much that in the end their profit position was worse and they needed help in some other way in order to provide service to the Canadian public.

In the case of the mainline carriers, we will be seeing a removal of the remaining restrictions that exist in terms of competition between them, but with the substitution of certain other restrictions, likely in the hands of the Canadian Transport Commission, to ensure that that competition does not do disservice to the travelling public in terms of higher costs and higher fares.

We have seen competition increase through the loosening of charter rules. Even before today, the Canadian Transport Commission had before it certain other proposals as to whether more should be done in that direction. Again, however, we do not believe that a wide open, unbridled situation with regard to charters is possible. That would mean a taking of the routes by charter service where that taking is profitable, and a failure to offer service in many other areas where service is required.

It is significant that the carriers have been speaking very kindly of me and of the changes in policy which have been coming about in relation to the opening up of our charter regulations to the extent we have. However, it is significant that when the charter proposers were before the Canadian Transport Commission a year ago, they proposed charter service on the routes that are easiest to handle, the Vancouver-Montreal, Vancouver-Toronto kinds of routes. They did not show any great interest in relation to Grande Prairie to Saskatoon and other places of like size throughout this country. It is important that we continue to have scheduled services, and that we protect sufficiently the mainline carriers and the regional and third level carriers so that service can be provided adequately.

● (1602)

In the case of the extension of CP and the possibility of their service into Halifax, I believe I heard the Leader of the Opposition say quite flatly that he would see to it that they extended service into that region. We rather more cautiously said we would remove a restriction to that happening but would not interfere with a function which I believe is very important, that of the Canadian Transport Commission to

consider whether at a particular point in time this would be in the public interest. Before the Canadian Transport Commission one may hear from other carriers and the implications to them of having a third carrier on the routes. That question would be decided from the point of view of public interest before the commission where we could all be aware of the arguments and analyses and see the right decision arrived at.

In 1966 Mr. Pickersgill, and later other ministers, were able to contemplate a country in which five regional carriers would serve. With a growing boom in air travel it seemed for a while that this might be a sound and solid policy. It has appeared through the last several years, however, that there are significant challenges and difficulties for the regional carriers. Existing as five regional carriers attempting to supply very often jet service to the routes which are appropriate to their operations, and to which the Leader of the Opposition referred as though it was new, although it is the exact standard route analysis which was part of the policy these last many years, it has been difficult for the regionals with reasonable fares to obtain the necessary return on capital, thus to assure they could restructure and acquire new equipment as necessary.

A couple of years ago the same difficult circumstances faced Transair. We know, also, that Pacific Western Airlines, after a good deal of discussion with me, moved to acquire shares in Transair, looking toward the more effective operation of regional service in western Canada.

I may say, also, that some were surprised that at the same time I was moving in the House a bill whose effect was to change the Aeronautics Act to give us the chance to prevent provincial governments from acquiring airlines and air services, and at that point we did not object. We did not object because the structure of the new airline and the joint operation seemed to be a very useful one in terms of future service. As well we did not object because, in discussions I held with the premier and deputy premier of Alberta, they indicated to me that the long-term holding of controlling interests in that airline was not a necessary part of their philosophy and that they could progressively divest themselves of a lot, if not the greater part, of their interest in the airline. So Transair had its difficulties.

In various ways other regional carriers have been facing the problem of getting adequate returns which would assure that they could reinvest. A couple of years ago major shareholders in Nordair began to seek buyers. It was not easy for them to find a buyer at that time who would offer a satisfactory price even when measured in terms of the value of equipment that the airline owned. At that time it was partly my concern whether or not the airline would continue to operate at all and I did encourage Air Canada to take a direct interest in the possibility of acquiring those shares and assuring the future of Nordair.

It was that acquisition which was confirmed by the announcement yesterday and by the decision arrived at by cabinet last Thursday. At the same time the government was concerned about the public worry that the combination of ownership of Air Canada and Nordair would lead to a removal