

Air Canada

receive a return on the tens of millions of dollars they have put into that airline since 1937?

Air Canada had a net profit of \$47 million last year. Yet it did not pay a dividend. According to my limited understanding of private enterprise, a board of directors of a private corporation that would not pay out a dividend on \$47 million would soon be replaced. One must wonder about the competence of the board of directors of Air Canada.

A \$10 dividend on a \$1,000 share would represent a dividend of some \$4 million on 329,000 shares.

Canadian National Railways has paid almost \$150 million in dividends to the Government of Canada in the last several years, which is only proper when it makes a profit.

We can correct the fact that the board of directors of Air Canada did not give a dividend in 1987. It still makes economic and social sense for the Government of Canada to take up the remaining \$421 million of authorized capital stock remaining on the books of Air Canada. The Government and Air Canada tell us that they need the money to purchase new aircraft. Under Air Canada's corporate plan for 1987-1991, and the amended 1987 capital budget, the only place in which there is a mention of privatization is where it states that "this plan assumes no change in the ownership status of the corporation and no equity infusion or debt conversion by the shareholder", the shareholder being the Government of Canada. The corporate plan assumes no change.

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Further on in the corporate plan it is stated that profitability will improve throughout the plan, as does the debt equity ratio because existing debt is retired and additional debt is not required. By 1990 the return on equity will achieve the corporate objective.

In a press statement of April 12 Air Canada stated: "with respect to its annual report that it will proceed with fleet renewal to take advantage of operating efficiencies available through new aircraft. The funds required for this multibillion dollar investment will come largely from internally generated funds". That means that they will come from operating revenues and from borrowing. There is no mention about equity investment in shares from the sale of shares. That tells me that the real reason for the Government wishing to sell 45 per cent ownership of Air Canada is to provide a better debt equity ratio, to retire more debt, in order to make its share more attractive on the stock market.

Something else that bothers me about this measure is that we continually hear statements inside and outside this House, and we continually read reports in the financial pages, about Air Canada's subsidy, or Air Canada being provided with money from the Government, by the taxpayer out of the taxpayers' pocket, the bottomless taxpayers' pocket. That is mythology. That has been mythology for the last 26 years.

There has not been a nickle of subsidy paid to Air Canada since 1962—not a nickle.

Some 11 years ago, in 1977, was the last time Parliament and the Government provided equity capital for Air Canada. They did not put up anything. All they did was to take a portion of Air Canada's debt and convert it to equity shares. Air Canada got no cash out of it. It just made its balance sheet look better, and it reduced its debt.

The airline has been able to operate and operate profitably as one of the 10 best airlines in the whole world without government funding. When we hear Wardair, Canadian Airlines and others crying and complaining about the great advantage Air Canada has over the rest of them, that is just more perpetuation of the mythology. Air Canada has been functioning under the same rules and the same conditions. It cannot operate any differently than can Canadian Airlines or Wardair.

I am not saying that Air Canada is perfect. I am not saying that it does everything exactly the way we would all like to see it done. There is not any outfit in the world that is run by of human beings that is perfect. There never has been and there never will be. It has done some things about which I am very distressed. For example, it paid not a nickle into the employees' pension plan in 1986. It used surplus earnings in the pension plan to make up the money that it should have been contributing under that year's operations. In my opinion while it was not illegal it was certainly highly immoral. Every dollar in a pension plan belongs to the pensioners and to the current employees and to no one else. Our stupid laws in this country allow corporations, public or private, to raid a pension plan and to take money that does not belong to them.

Sir, even Mrs. Thatcher and her Government in Britain in their privatization of British Airways were smarter than this Government. One thing we found out on the Transport Committee's trip to Europe last fall was that the British, the West Germans, the Dutch and the French look on privatization in a different way than we do. Those countries carry it out in a different way than we do. However, in the case of British Airways, during the course of the privatization the British Government kept what is called the golden share. Even if British Airways is 100 per cent owned by private shareholders the golden share has priority. That one golden share has priority over all the other shareholders.

The Government of Great Britain can intervene at any time it wants on any matter it wants having to do with the operations of British Airways. It kept full and final authority over British Airways. What does this dumb Government do? It did something that I am sure if it were done in a corporation on the Toronto Stock Exchange one would be under investigation so fast that one's head would swim.

Mr. Redway: Don't give Toronto a hard time.

Mr. Benjamin: I could not believe my ears listening to the Deputy Prime Minister's statement in the House when he said