

National Air Policy

keeping in mind that the people who have to foot the bill for all this, whether they are paying fares in the air or paying taxes on the ground, are the consumers of Canada.

I also wish to serve notice on behalf of the people of Hamilton-Wentworth that there are answers we must get from this government, and I will be pressing the Minister of Transport for these answers in this House and in committee.

In closing, sir, may I pay tribute to my new and distinguished colleagues from the by-election wars of October 16. Several of the new members have launched their parliamentary careers with the tension and excitement I have experienced this afternoon. Good luck, gentlemen. And now, Mr. Speaker, we have work to do for Canada.

Some hon. Members: Hear, hear!

Hon. Herb Gray (Windsor West): Mr. Speaker, I should like to begin by congratulating the hon. member for Hamilton-Wentworth (Mr. Scott) on his election and on his maiden speech. I hope, however, that it will not be taken as an unfriendly or unkind remark if I say there are those on this side of the House who hope that one result of the next election will be that he will be continuing his work in this chamber but from a seat above and behind the Speaker.

Some hon. Members: Hear, hear!

Mr. Gray: Mr. Speaker, in opposing this motion I want to speak primarily of the government's decision on Nordair yesterday and about its present meaning and its implications for future government policy. I look on yesterday's decision as a victory for myself and for those who have opposed the Air Canada's takeover of Nordair, as I did from the time Air Canada's intentions first appeared in the press. The decision means success for my efforts and the efforts of groups like the Consumers' Association of Canada who did not want Air Canada to be able to direct the operation of Nordair.

The approach used by the government to bring this about is certainly novel and complex. It will allow the controlling shares of Nordair to be sold to Air Canada but, as I understand it, they will immediately be transferred to the government and the government will hold the shares with the objective of selling them to a non-government body within twelve months so that Nordair will continue as a private sector operator.

As I understand it, however, the twelve-month period, contrary to what was suggested by the leader of the New Democratic Party, is not a deadline; it is an objective. The government is not locked into selling at whatever price it offered within the 12-month period.

As I see it, the government is, in effect, acting as trustee of the controlling shares of Nordair while a satisfactory purchaser other than Air Canada is found for it and while a general restructuring and reorganization of regional air services in eastern Canada is worked out.

By proceeding in the manner announced yesterday the government has at one and the same time achieved two

important objectives that would not have been accomplished simply by rejecting the Canadian Transport Commission's decisions to allow Air Canada to take over Nordair. What are these objectives, Mr. Speaker? On the one hand, the group presently controlling Nordair will be able to sell their shares and get out of the picture. On the other hand, this would be done without the result being that Air Canada would be involved, directly or indirectly, in the operation of Nordair. The group presently controlling Nordair suggested that if they could not now sell their shares on the terms set out in their agreement with Air Canada, they would begin selling the planes used by Nordair since they could gain a very good price on world markets for aircraft.

I must say that I have always been skeptical about this. I say this since the operating licence awarded Nordair imposed on it legal obligations to provide scheduled services in the terms set out in the licence to the routes listed. I had always doubted that Nordair could simply abandon these routes without facing legal sanctions by the Canadian Transport Commission.

It appears clear, however, that the Nordair control group are not interested in having their capital involved in Nordair. If they are not fully interested in doing so, keeping them in place against their will for some period of time could mean some deterioration in the level of management, efficiency and quality of service offered by Nordair, plus a possible lack of aggressiveness in seeking and building additional business for it.

Also, simply rejecting the Air Canada-Nordair transaction would mean that efforts by private groups to buy Nordair would start from scratch. The Nordair control group could begin bargaining afresh, asking for different terms and conditions than those in their agreement with Air Canada. Time would be lost in ending any present uncertainty about Nordair's future, while leaving in place an ownership group not totally committed to its most active and efficient operation.

By having Air Canada carry out its existing agreement with Nordair shareholders, the transaction would be completed relatively soon on terms and conditions which the controlling shareholders are already committed to accept, and the government, in acquiring the shares immediately thereafter, could move more quickly than would otherwise be the case to carry out the sale of Nordair to other interested groups or another interested group in the private sector.

The government decision on Nordair and the announcement yesterday is part of the process to renew and update the present regional and national air carrier policy. In his press conference yesterday following his announcement of the Nordair decision the Minister of Transport (Mr. Lang) appeared to suggest he had in mind that as part of the development and implementation of the new policy there would be changes in the present pattern of service on some routes. He appeared to be saying that on some routes service may not be provided in future by both Air Canada and the regional carrier once the restructuring he has in mind is in place.