

Air Transport

encourage travel, business development and other economic opportunities throughout the North.

The air industry would benefit from increased utilization, and air services would undoubtedly be enhanced.

Southern Canada currently benefits from generous federal subsidies which are designed to improve transportation services across Canada. The air subsidies, while currently under close government scrutiny, appear to be designed to encourage the development of air services in areas where carriers are unwilling to undertake services. As well, surface carrier subsidies seem to be aimed at decreasing transportation costs to a point where regional economies are competitive in the export of agricultural and manufactured goods. Northern transportation concerns do not fit either criteria, and it is argued by northerners and the Government of the Northwest Territories that some special consideration should be given to northern residents and to their unique situation.

I have tried to highlight some of the positive effects such subsidies could encourage, and it appears that they are necessary, if not essential, for the enhancement of northern living. It is my contention that until such initiatives are undertaken, many northerners on restricted incomes will remain unable to afford the air services on which they are so dependent. As well, other initiatives should be undertaken which are designed to reduce the operating costs of air carriers serving northern and remote areas. Any economies realized would be passed on to the consumer, who would benefit from reduced air fares and enhanced services.

While subsidization would, in all probability, continue to be a requirement for some northerners, amounts could lessen over time as air industry costs decline.

Most carriers serving the North are readily able to identify cost pressures unique to serving the northern environment. Those costs are generally included in the fare structures. The factor with the greatest significance is fuel costs. Fuel accounts for as much as 30 per cent of the total operating costs of northern air services, and those costs are generally passed on to the consumer.

In light of the limited time which I have, I would propose that what I have recommended, and what might be tabled later, be sent to the Standing Committee on Transport in order that the recommendations be studied in more detail to see if, indeed, the cost of air travel in the North could be subsidized. The subsidies would then, in turn, lower many of those costs which Governments, such as the Government of the Northwest Territories, pay for services from the south.

Some Hon. Members: Hear, hear!

Hon. Lloyd Axworthy (Winnipeg-Fort Garry): Mr. Speaker, I would like to compliment the Hon. Member who introduced this Private Member's motion. I recognize that it is his maiden speech and I would like to pay my respects not only to his presentation, but also to the importance of the issue which he has raised. However, I regret that he was forced to bring it forward because, in fact, what he has recommended was in

place last fall, in early September, but was wiped out by an act of the present Minister of Transport (Mr. Mazankowski). That is unfortunate. It means that we have lost a full year's time in which to deal with the very critical and serious matters of northern transportation. We are having to start all over again.

I would point out to the Hon. Member that he has recommended a number of steps which run totally contrary to steps that were announced in the Budget. Those steps substantially reduced the budget of the Department of Transport and substantially increased the requirement of the Department to raise user fees, fuel taxes, and other things which will add to the costs of northerners as well as to those of other people in the country.

I would like to comment on the history of this matter. Last year we brought in a new domestic airline policy for Canada, after holding extensive hearings across Canada. It had, as its primary objective, the introduction of a much higher level of competition in the air industry. The announcement which was made last April recognized that northern Canada had special characteristics. At that time, the Canadian Transport Commission did not have a full opportunity to examine what would be the exact specifics of the requirements of northern Canada. As a result, when I introduced the policy, we set up, on a temporary basis, a demarcation line which separated the country into two zones. There was a southern zone in which the new competitive airline policy would be applied, and a northern zone was established to provide time for further study. Last April, I referred these matters to the Standing Committee on Transport. Almost a year ago, the same reference was given to the committee. However, when the new Government came into power on September 4, it did not carry through with the reference. Unfortunately, those important matters have lapsed for a full year. That time could have been effectively used to pursue the matter of northern transportation. Because the present Government would not have anything to do with nasty Grits, it simply put it on the shelf. Now it is up to the Hon. Member to revive the matter. I agree with his objectives and goals, but, unfortunately, it is unnecessary because the matter was previously before the standing committee.

Furthermore, at that time there was a venture capital program to help airlines in northern parts of Canada, the remote areas and small communities in buying new equipment. We did not need a new program. There was already a program which was introduced last April. That program had a \$10 million allocation. It was not money which was newly brought from the Budget. I reallocated money which was already in the budget of the Department of Transport. We set aside those funds. We started working in places like northern Manitoba, the Atlantic provinces and the northern parts of Canada. We were working with local communities and local airlines because we recognized that one of the primary problems in providing a new deregulator—or, as I used to like to call it, a "more liberalized air environment" in Canada—was the very poor equipment, and that is still true, I believe, in the northern parts of Canada. I have found, as I travelled, that there are a