

Air Canada

My amendment to the Bill in Motion No. 1 provides that at the annual meeting of the corporation no more than 25 per cent of the votes actually counted would be non-resident votes. This means that at the most only one-quarter of the votes counted at an annual meeting can be votes of non-Canadians. It prevents non-residents actually winning the day at the meeting. Because the Government agreed to that motion, I feel we are honour bound to go along with it. We feel it may not have been the best provision but it is one the Government accepted. It is somewhat in keeping with the provision in Bill C-121, and it is much better than not having the motion at all.

In that regard we feel the Bill has been improved considerably. Therefore, we are not going to ask for a further amendment.

Mr. Ray Skelly (Comox—Powell River): Madam Speaker, the debate has certainly taken an interesting turn tonight. Before we head out we should recognize that Air Canada is one of the finest airlines in the world, one of the safest, and one of the best to fly. It is a source of enormous pride to Canadians. That probably resulted in the statement by the Prime Minister (Mr. Mulroney) that Air Canada was not for sale. It is certainly with regret that I as a Canadian and other people now find that it is on the block. Air Canada is on the block in a very difficult way, in a way that many people do not understand. There is an option for Americans to purchase it as well as other non-residents.

There is quite a long history to privatization of Air Canada. When the previous Government was in power, a committee studied the deregulation process in which the privatization of Air Canada came up and was quite widely supported by that Government. Things have now come full circle. The present Government now intends to sell Air Canada. In my opinion this Bill should have been called "an Act to make Max Ward happy" or "an Act to make PWA happy".

Throughout the history of the discussion of the privatization of Air Canada it is key that no other airline can operate effectively in this country unless it hobbles Air Canada. It is such a powerful, effective competitor in the market-place that it dominates the airline business in this country. People who have been here for a number of Parliaments have heard airlines protest that they must hobble Air Canada to get a fair share of the market. The sale of the shares is a very disturbing item and that is what this amendment comes to. This very prestigious airline was built by the people of Canada and operated on behalf of the people of Canada. It is internationally recognized as a tremendous airline. This airline is now up for sale. Instead of being held by all Canadians, it will be held by a small number of Canadians. In fact, a majority of the actual controlling shares could be held by Americans, and that is extremely disturbing. It does not make any sense.

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I would urge the Government to reconsider its position. What is the point of selling those shares in the United States market and jeopardizing the control of that airline? This must be stopped.

The other irrational aspect of this sale is that 45 per cent of the shareholders, not the 55 per cent owned by the people of Canada, could wind up being very closely held shares. Those closely held shares could in fact control the company. I wonder what would happen if others who have interests in other airlines in Canada were to purchase substantial blocks of those shares. Again, that would make a very interesting proposition that has to be considered.

What is the state of Air Canada? Air Canada is a very large airline. It has a great mix of airplanes. Canadian Airlines International rationalized its fleet into DC-10s, 737s, and a new 767. However, Air Canada will likely have to cut back on airplanes. It will likely have to rationalize its equipment and downgrade it so that it can reduce its enormous stock and its costly overhead and training programs.

Of course, the end result of that in private hands will be an enormous loss of jobs. That will happen, whether it will mean fewer people in the cockpit or fewer people doing maintenance on a limited variety of aircraft. Indeed, this will become a very lean airline. It only makes sense that if it is cut free in the private sector in a deregulated environment, a lot of people will lose their jobs. That is the reality of the structure of the airline.

What is the market in which the shares will be held? Air Canada will be competing in the private sector against two other major airlines as well as many regional airlines. It will have trouble selling the shares. The employees may want to buy them, but look at the stability of the situation in which they will be buying them. This Parliament will change and it will be a very different Parliament after the next election if we read the trend of the polls correctly. I suspect that there will be a majority of Members in the House who will want Air Canada held as a national carrier. The people who are buying shares in that kind of environment will be very concerned about the stability of the shares.

Market conditions for airlines change. The fluctuation in the number of people flying is enormous. As interest rates go up, profits will be eroded. Airline travel will drop and there will be fewer people flying, fewer profits, and a great deal of uncertainty. Those shares will be likely to drop substantially in value when they hit the market.

Another area of concern is the directorship of Air Canada. I personally believe that this Government has hobbled the Board of Directors of Air Canada and has limited its ability to function rationally in the airline market-place. I think it has inflicted great harm on that company to date, and I along with other people certainly regret that.

Again, the prognosis is that the airline will cut its number of aircraft, it will cut its routes, it will cut its employees, and it will cut its inventory. Down the road, we will see a much smaller operation with a great number of people losing their jobs. Again, this airline will lose its position as Canada's national carrier, and it will lose its position and reputation in the world community.