

Commission certain regulatory functions respecting commercial air services. Part III deals with matters of internal administration in connection with the Act.

**Federal civil aviation policy.** The federal government announced some revisions to its air policy in 1973. On November 23, the Minister of Transport tabled in the House of Commons a "Statement on Air Policy" which listed the following objectives: to ensure safe, efficient and convenient air services to meet the needs of travelling Canadians; to contribute to the economic and social well-being of the country; and to ensure that air services are reasonably balanced to create an atmosphere in which the industry can continue to develop in an efficient and profitable manner without undue burdens on the taxpayer.

On the domestic side, the role of the regional carriers, and their relationship with the mainline carriers (Air Canada and Canadian Pacific Air Lines), remained basically unchanged from that described in the "Statement of Principles for Regional Air Carriers" tabled by the Minister of Transport in the House of Commons on October 20, 1966. These principles are summarized as follows: (1) Regional carriers will provide regular route operations into the North and will operate local or regional routes to supplement the domestic mainline operations of Air Canada and CP Air. (2) Greater scope will be allowed regional carriers in developing routes and services by the following means: where appropriate, limited competition on mainline route segments of Air Canada or CP Air may be permitted to regional carriers; in a few cases, secondary routes at present operated by the mainline carriers may become eligible for transfer to regional carriers; and a large role will be allotted to regional carriers in connection with the development of domestic and international charter services, package tours and new types of services. (3) Greater co-operation between the mainline and regional carriers will be developed in a variety of fields, ranging from technical and servicing arrangements to joint-fare arrangements. (4) A limited policy of temporary subsidies for regional routes will be introduced, to be based on a "use it or lose it" formula. (5) Firmer control will be exercised over the financial structure of regional carriers in connection with new licensing arrangements. (6) Regional carriers will be assisted in acquiring aircraft through a scheme for consultation between government and the carriers and among the individual carriers.

In a statement made on August 15, 1969, the Minister of Transport defined more precisely the regions in which each of the five regional carriers would be permitted to supplement, or authorized to replace, mainline operations as circumstances warranted. The CTC's Air Transport Committee issued a number of decisions authorizing new services by regional air-carriers in accordance with the regional air policy, which the Committee is continuing to apply.

The relative roles of Air Canada and CP Air in the domestic sphere were defined in the transcontinental policy of 1967. These were based on a formula that would maintain Air Canada's pre-eminence on transcontinental services, on the assumption that the carrier might from time to time be called on to perform special services which would not necessarily be in its commercial best interests.

The development of air policy continues, with a new focus on the particular question of third level or local air-carriers, whose scope of operation is increasing rapidly.

With respect to the international operations of the two major airlines, the policy statement of November 1973 outlined a number of principles which stressed that the economic viability of proposed routes was to remain a major consideration so that international services would generally not be established solely for national prestige. The government reaffirmed that it would refrain from granting or seeking temporary authorizations for international scheduled services, and authorized a series of bilateral negotiations with a number of foreign countries. Co-operation between the two major carriers was also encouraged. The policy assigned specific areas and countries to Air Canada and CP Air which they would serve once bilateral agreements had been satisfactorily concluded. This division was aimed at assisting the airlines in long-range planning for both passenger and cargo services.

Canada's position in the field of aviation as well as its geographical location makes imperative its co-operation with other nations engaged in international civil aviation. Canada therefore took a major part in the original discussions that led to the establishment of the International Civil Aviation Organization which has its headquarters in Montreal. By the end of 1973, Canada had bilateral agreements with 26 other countries. New air agreements were signed with the Federal Republic of Germany and with the People's Republic of China.