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# **68% of Canadians Support a Merger of Air Canada and Canadian Airlines**

**– But Only 40% Find ONEX Bid Acceptable –**

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This National Angus Reid Group poll was conducted by telephone between September 7<sup>th</sup> and 12<sup>th</sup>, 1999 among a representative cross-section of 1,500 Canadians, aged 18 and older.

These data were statistically weighted to ensure the sample's regional and age/sex composition reflects that of the actual Canadian population according to the 1996 Census data.

With a national sample of 1,500 one can say with 95 percent certainty that the results are within  $\pm 2.5$  percentage points of what they would have been had the entire Canadian population been polled. The margin of error will be much larger within regions and for other sub-groupings of the survey population.

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## **68% of Canadians Support a Merger of Air Canada and Canadian Airlines**

### **– But Only 40% Find ONEX Bid Acceptable –**

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More than two thirds (68%) of Canadians support a merger of Air Canada and Canadian Airlines, but only four in ten (40%) find ONEX Corporation's merger bid acceptable. When it comes down to who the public trusts on the airline issue, Air Canada and Canadian Airlines are deemed trustworthy by more than eight in ten Canadians, while all other players lag far behind. In addition to assigning comparatively low levels of trust, most Canadians do not think the federal government is doing a good job of managing the airline issue.

*These are the findings from an Angus Reid Group survey of 1,500 adult Canadians (aged 18 and older) conducted between September 7<sup>th</sup> and 12<sup>th</sup>, 1999. With a national sample of this size, one can say with 95 percent certainty that the overall results are within  $\pm 2.5$  percentage points of what they would have been had the entire adult Canadian population been polled. The margin of error will be much larger within regions and for other sub-groupings of the survey population.*

### **68% Would Support Merger of Air Canada and Canadian Airline's Operations**

Two thirds of Canadians (68%) either strongly (29%) or somewhat (38%) agree with the statement "I would support Air Canada and Canadian Airlines merging their operations". Three in ten disagree (16% somewhat, 15% strongly).

- ◆ Agreement with the statement is slightly higher than average among residents of Quebec (71%), otherwise responses do not vary across any regional or demographic subgroups.

### **Only 40% Find ONEX Bid Acceptable**

Only four in ten Canadians (40%) say it would be acceptable (32% somewhat acceptable, 8% very) to allow the ONEX bid to merge Canada's two national air carriers into one to succeed. A majority (53%) say the ONEX bid is unacceptable (23% somewhat unacceptable, 30% very).

- ◆ The proportion saying it would be unacceptable to allow the ONEX bid to succeed is highest among residents of British Columbia (61%) or Saskatchewan/Manitoba (58%), and respondents aged 55 and older (61%).
- ◆ Only among respondents aged 18 to 34 does a greater proportion find this option acceptable (49%) than unacceptable (46%).

## **Air Canada Takeover Acceptable, But Not Financial Assistance, or Foreign Ownership**

### **58% Say it is Acceptable to Allow Air Canada to Take Over Canadian Airlines and Shut Down Routes Which Lose Money**

Six in ten Canadians (58%) say it is acceptable (20% very, 37% somewhat) to allow Air Canada to take over Canadian Airlines, keeping those parts that are profitable and shutting down those routes that lose money. Four in ten find this option unacceptable (21% somewhat, 20% very).

- ◆ Residents of Quebec (76%) stand out as being significantly more likely than any other respondent group to judge this option as acceptable.
- ◆ Most likely to find this option unacceptable are residents of British Columbia (55%) or the Atlantic provinces (59%).
- ◆ Responses do not vary significantly along any socio-economic lines.

### **52% Say it is Unacceptable for Federal Government to Provide Financial Assistance to Save Canadian Airlines**

By a narrow margin, the majority of Canadians (52%) say it is either *very* (28%) or *somewhat* (25%) unacceptable for the federal government to step in with financial assistance to save Canadian Airlines. Of those who find the idea acceptable (47%), most (33%) find it only *somewhat* acceptable (14% say it is very acceptable for the Feds to step in).

- ◆ Most likely to say it is unacceptable for the federal government to step in with financial assistance to save Canadian Airlines are residents of Alberta (71%), British Columbia (60%) or the Atlantic provinces (59%), respondents aged 35 to 54 (58%), men (62%), university graduates (60%), and respondents with annual household incomes of at least \$60K (63%).
- ◆ On the other hand, a full majority say it is acceptable for the Feds to provide financial assistance among residents of Saskatchewan/Manitoba (57%) or Quebec (55%), respondents aged 18 to 34 (57%), women (55%), those without a high school diploma (60%), and respondents with an annual household income of no more than \$30K (58%).

### ***77% Say Allowing a U.S. or Other Foreign Airline to Buy Up Canadian Airlines is Unacceptable***

Three quarters (77%) of Canadians say it would be unacceptable if the federal government were to change the rules so that a major U.S. or other foreign airline is allowed to buy up Canadian Airlines – in fact, a full majority (57%) find this concept *very unacceptable*. Only one in five find this idea somewhat (17%) or very (5%) acceptable.

- ◆ Opposition to allowing a U.S. or other foreign airline to buy Canadian Airlines is highest among residents of Saskatchewan/Manitoba (82%), respondents aged 55 and older (83%), women (82%) and the least affluent (82% of those with an annual household income of no more than \$30K).
- ◆ Most likely to find this an acceptable option are residents of Alberta (30%), men (28%), university graduates (29%) and the most affluent (27% of those with an annual household income of at least \$60K).

### ***68% Say Restructuring the Airline Industry is a Private Sector Matter***

Two thirds of Canadians (68%) either strongly (31%) or somewhat (37%) agree with the statement “restructuring the airline industry is a matter for the private sector to resolve”. Three in ten disagree (19% somewhat, 11% strongly).

- ◆ Agreement with the statement is slightly higher than average among residents of Alberta (72%) or the Atlantic provinces (72%), while disagreement is slightly higher among residents of Saskatchewan/Manitoba (34%) and university graduates (34%).

### ***62% Agree That Even if Airlines Merge, There Will Still be Domestic Competition to Protect Consumers***

Six in ten Canadians agree (22% strongly, 40% somewhat) with the statement, “even if the airlines merge, low cost and charter carriers will provide domestic competition within Canada to protect consumers”. About one third disagree (21% somewhat, 15% strongly).

- ◆ Agreement that there will still be domestic competition is highest among residents of Quebec (69%) and respondents who do not have a high school diploma (69%).
- ◆ Disagreement is highest among residents of the Atlantic provinces (42%), university graduates (42%) and the most affluent (41% of those with an annual household income of at least \$60K).

### ***61% Say Federal Government is Not Doing a Good Job Handling Airline Issue***

Six in ten Canadians disagree (37% somewhat, 24% strongly) with the statement, “the federal government is doing a good job of managing this issue”. One third, however, indicate their support

for the actions of the federal government by agreeing that they are doing a good job managing the issue (30% somewhat, 3% strongly).

- ◆ The opinion that the federal government is not doing a good job handling this issue is highest among residents of Alberta (68%) or British Columbia (66%), and the most affluent (67% of those with an annual household income of at least \$60K).
- ◆ Most likely to say the Feds are doing a good job managing the issue are residents of the Atlantic provinces (39%), respondents aged 18 to 34 (41%), and the least affluent (38% of those with an annual household income of no more than \$30K).

### ***56% Do Not Think Federal Government has Clear Plan to Canada's Airline Industry***

A majority of Canadians (56%) disagree (23% strongly, 33% somewhat) with the statement, “ the federal government has a clear plan for maintaining a viable enough airline industry in Canada”. On the other hand, four in ten agree (29% somewhat, 11% strongly) that the federal government does have a plan.

- ◆ Disagreement with the notion that the federal government has a clear plan for Canada's airline industry is highest among residents of Alberta (68%) or British Columbia (69%), university graduates (69%), and the most affluent (68% of those with an annual household income of at least \$60K).
- ◆ Agreement that the Feds do have a clear plan is highest among residents of Quebec (54%) or the Atlantic provinces (49%), those without a high school diploma (54%) and the least affluent (50% of those with an annual household income of no more than \$30K).

### ***53% Say All Regions of Canada Will be Treated Fairly in the Merger***

By a slim majority (53%) Canadians agree (18% strongly, 26% somewhat) that all regions of the country will be treated fairly in the merger. However, more than four in ten disagree (26% somewhat, 27% strongly).

- ◆ The sense that all regions will be treated fairly is highest among residents of Quebec (59%), respondents who do not have a high school diploma (64%), and the least affluent (56% of those with an annual household income of no more than \$30K).
- ◆ The feeling that all regions of the country will not be treated fairly is most notable among residents of Western Canada (68% in B.C., 71% in Alberta, 65% in Sask/Man), respondents aged 35 to 54 (57%), university graduates (65%), and the most affluent (63% of those with an annual household income of at least \$60K).

### ***53% Say Federal Government Should Get Back Into Regulating Airline Prices and Routes***

A slight majority of Canadians feel that the federal government should get back into the business of regulating airline prices and routes (24% strongly agree, 29% somewhat agree). More than four in ten disagree (21% somewhat, 25% strongly).

- ◆ Support for the federal government stepping back in to regulate airline prices and routes is highest among residents of Quebec (64%) or Saskatchewan/Manitoba (60%), respondents aged 18 to 34 (59%), women (58%), those without a high school diploma (60%) or without any post-secondary education (59%), and the least affluent (62% of those with an annual household income of no more than \$30K).
- ◆ Opposition to federal government regulation is highest among residents of British Columbia (52%) or Alberta (65%), men (51%), university graduates (51%) and the most affluent (56% of those with an annual household income of at least \$60K).

### ***53% Disagree That Having Only One Major Airline in Canada is Inevitable***

A very slim majority of Canadians (53%) disagree (20% strongly, 26% somewhat) that, given the size of the Canadian market, having only one major airline in Canada is inevitable. On the other hand, more than four in ten agree (27% somewhat, 26% strongly) with the inevitability of having only one major airline.

- ◆ Disagreement with the inevitability of having only one major airline in Canada is highest among residents of Alberta (63%) or British Columbia (59%), and women (58%).
- ◆ Agreement with the inevitability of one major airline is highest among residents of Saskatchewan/Manitoba (53%) or Quebec (52%), and men (52%).

### ***Will Western Canada be the Big Loser? Canadians are Split***

At 46 percent agree (17% strongly, 29% somewhat) and 46 percent disagree (33% somewhat, 14% strongly), public opinion in Canada is evenly divided in response to the statement, “regardless of how this ends, Western Canada is going to be the big loser in all of this”.

- ◆ The opinion that Western Canada will be the big loser is most prominent among residents of Western Canada (56% in B.C., 59% in Alberta, 69% in Sask/Man), and respondents with a high school diploma, but no post-secondary education (53%).
- ◆ The feeling that Western Canada will not be the big loser in the end is strongest among residents of Quebec (57%) or the Atlantic provinces (55%), respondents who do not have a high school diploma (50%) and university graduates (50%).

## **Air Canada and Canadian Airlines Accorded High Levels of Trust; Federal Government, American Airlines and ONEX Lag Far Behind**

### **87% Trust Air Canada**

Nine in ten Canadians (87%) report that, in these airline discussions, they trust Air Canada either a lot (37%) or a little (49%). Just over one in ten say they don't trust Air Canada much (8%) or not at all (4%).

- ◆ Trust in Air Canada is highest among residents of Quebec (93%) and the Atlantic provinces (94%).
- ◆ A lack of trust is most apparent among residents of Alberta (20%).

### **84% Trust Canadian Airlines**

More than eight in ten Canadians (84%) report that, in these airline discussions, they trust Canadian Airlines either a lot (31%) or a little (53%). It should be noted that, while the total level of public trust is similar to that reported for Air Canada, the intensity of trust is higher for Air Canada (37% trust Air Canada *a lot*, compared to 31% for Canadian). Just over one in ten say they don't trust Canadian Airlines much (8%) or not at all (5%).

- ◆ Trust in Canadian Airlines is highest among Albertans (89%).
- ◆ A lack of trust is most apparent among residents of Quebec (18%), and respondents aged 55 and older (18%).

### **61% Trust the Federal Government**

At six in ten (61%) the level of public trust in the federal government is significantly lower than that reported for either of the two national carriers. The intensity of trust in the federal government is also much lower (11% trust them a lot, 50% trust them a little). Almost four in ten either don't trust them much (21%) or don't trust the federal government at all (16%).

- ◆ Trust in the federal government is highest among residents of Ontario (64%), those aged 18 to 34 (66%), university graduates (66%), and the most affluent (67% of those with an annual household income of more than \$60K).
- ◆ A lack of trust is most apparent among residents of Alberta (46%), respondents aged 55 and older (43%), and those without a high school diploma (44%).

### ***52% Trust American Airlines***

Just over half of Canadians (52%) report that, in these airline discussions, they trust American Airlines either a lot (10%) or a little (41%). Just over four in ten say they don't trust American Airlines much (24%) or not at all (19%).

- ◆ Trust in American Airlines is highest among residents of Quebec (59%).
- ◆ A lack of trust is most apparent among residents of British Columbia (54%).
- ◆ The overall level of trust in American Airlines does not vary significantly across any socio-economical lines.

### ***Public Split on Trusting ONEX in Airline Discussions***

Canadians are fairly evenly divided on whether or not they trust ONEX Corporation in the current airline discussions: 45 percent trust ONEX either 'not much' (25%) or 'not at all' (20%), while 43 percent trust them either 'a little' (38%) or 'a lot' (5%). However, it should be noted that the proportion who don't trust ONEX at all is four times greater than the proportion who trust them a lot (20% versus 5%).

- ◆ Trust in ONEX Corporation is highest among residents of Alberta (48%) or the Atlantic provinces (50%), respondents aged 18 to 34 (48%), and the most affluent (50% of those with an annual household income of at least \$60K).
- ◆ A lack of trust is most apparent among residents of British Columbia (52%) or Quebec (52%), and those without a high school diploma (49%).

### ***50% Say ONEX President Has Had Inappropriate Level of Government Support on This Issue***

Half of Canadians (50%) feel that the President of ONEX Corporation enjoys an inappropriate level of support from the government on this issue due to his past as a fundraiser for the federal Liberal Party.<sup>1</sup> About four in ten (43%) say the federal Liberals are treating him just like any other business person making a similar proposal and that he should not be penalized for his political involvement. The remaining seven percent are undecided.

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<sup>1</sup> The full question: "As you may have heard, the President of ONEX Corporation has served in the past as a fundraiser for the federal Liberal Party. Now, some people suggest that because of his connections to the Liberals, he enjoys an inappropriate level of support from the government on this issue. Others say that the Liberal government is treating him just like any other businessperson making a similar proposal and that he should not be penalized for his political involvement. [STATEMENTS RANDOMIZED]"



- ◆ The feeling that the President of ONEX has had an inappropriate level of support from the federal government is *slightly* more prevalent among residents of Alberta (53%), university graduates (54%) and middle-income households (53% of respondents with an annual household income of \$30-59K).
- ◆ The opinion that he is not being treated any better than anyone else is *slightly* more prevalent among respondents aged 18 to 34 (46%), men (46%), respondents who do not have a high school diploma (47%), and the least affluent (49% of those with an annual household income of no more than \$30K).
- ◆ The greatest proportions of undecided respondents are found in Alberta (11%) and Saskatchewan/Manitoba (12%).

## **Job Losses Top List of Concerns**

### ***35% Most Concerned About Job Losses***

From a list of five possible outcomes of this airline issue, more than one third (35%) say they are MOST concerned about job losses. This is followed quite distantly by concern over foreign control of airlines in Canada (23%), an increase in prices (20%), and concern over reduced competition (16%). Only five percent say they are most concerned about reduced flight schedules.

- ◆ Concern over job losses is highest among residents of Quebec (43%) or the Atlantic provinces (41%), respondents without a high school diploma (46%), and the least affluent (40% of those with an annual household income of no more than \$30K).
- ◆ Concern over foreign control of airlines in Canada is highest among residents of Quebec (28%), and respondents aged 55 and older (28%).
- ◆ Concern over an increase in prices is highest among residents of the Atlantic provinces (29%), respondents aged 18 to 34 (25%), university graduates (24%), and the most affluent (25% of those with an annual household income of at least \$60K).
- ◆ Albertans (20%) or residents of Saskatchewan/Manitoba (20%) and the most affluent (20%) record the highest levels of concern over reduced competition.
- ◆ The level of concern over a reduction in flight schedules does not vary significantly across any respondent subgroups.

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