

Aeronautics Act

In the United States they do not propose to expand airports or build new airports until sufficient revenue is guaranteed by the carriers wishing to use those airports to pay all the interest charges, all the depreciation, and to retire the bonds which would be required to finance the undertaking. In short, each airport has to be self-sufficient and capable of standing on its own feet, or it is simply not built.

In this connection, at the time the government was pressing so hard to build Pickering in the Toronto area, we on this side consulted with the Commissioner of Aviation in Chicago. Bearing in mind that at that time his airport was carrying seven times the number of passengers who were going through Malton I asked him whether any consideration had been given to the building of a new airport. He told me the matter had been considered but the decision had been taken in the negative, partly for environmental reasons, partly because it was felt that any need for a new airport would not surface before 1990. Moreover, the Chicago Commissioner for Aviation told me—and I felt this was most interesting, “Frankly, we could not afford a new airport such as you are contemplating at Pickering, or such as you have built at Mirabel.”

Why should we in Canada assume that we can afford to do these things because a department of transport here in Ottawa says we should build an airport? Why should we assume we can afford an airport in circumstances in which, as the minister now tells us, the users will be required to pay? The fact is that if we wish to win tourists from other countries, particularly from the United States, we ought to be providing cheap transportation facilities. We ought not to start building white elephants such as Mirabel or the one proposed at Pickering.

Let us go back to the Chicago situation. In Chicago the airport authority is completely self-funding. The principal airport in Chicago, O'Hare, is the busiest in the world, as far as I know. From its conception it has been funded by floating revenue bonds, as they are called, and was the first airport to finance expenditures entirely out of income revenue. Those bonds are backed entirely by the ability of the airport to generate revenue. To this end, the bonding agreement requires O'Hare to break even each year; revenue always equal expenditures, and any surplus as it is called, is immediately distributed to the bond holders as interest.

To ensure that revenues are always sufficient to cover expenditures, landing fees are adjusted twice yearly. This system has proved so successful that the bonds, which were initially to be due in 1990, will probably be paid off in ten years—some have said they will be paid off even earlier, leading city officials to expect that the airport facilities in Chicago will become a significant source of income for the city itself.

What a contrast when we look to Canada, Mr. Speaker! In Chicago they regard their airport as a potential source of significant income. Yet we have a government which, acting through the present minister, is so incompetent that it is telling us that new powers are now needed to impose charges on a user-pay basis in connection with airports which should properly be running at a surplus, not a deficit. The phenomenal

growth at O'Hare has seen traffic expand from roughly 10 million passengers—approximately the level at Mirabel at the present time—to some 44 million passengers in 1976. Approximately 700,000 operations are handled annually at that airport, or on an average about two a minute. There is an airport that is handling approximately two aircraft movements or operations per minute—700,000 in a full year—and they do not feel the need a new airport. They say they cannot afford it. Yet Toronto, which has a fifth of that volume, is said to be in such a state that they must have further development and the building of a second airport in the Toronto area.

● (1650)

I should mention two other airports in Chicago—Midway and Meigs Field—which are both operating at a slight profit. In Chicago they have demonstrated they can operate their airports at a substantial profit, and not at a deficit such as this government is experiencing. If I had more time I would continue and tell you about the situation in Los Angeles, which is essentially the same as I have indicated. They are making money. Atlanta is making money and Boston is making money.

The New York Port Authority has published its 1976 annual report entitled “The Port Authority” and I recommend to the Minister of Transport (Mr. Lang) that he read it. Presumably he has not read it to date. That report spells out the activities in the three main airports in the New York area—Kennedy, LaGuardia and Newark. Two of those airports have activities larger than those handled at Malton, and one is smaller. Newark is smaller in that it handled 6,753,000 last year. LaGuardia handled 14 million passengers, and of course is bigger. Kennedy handled 21 million, roughly half domestic, half overseas, in 1976. All three airports make money. How come we in Canada, in comparison to those three airports I have mentioned, are losing money? I am referring to Montreal, Toronto and Vancouver. They are losing money, yet airports which are being handled by the Port Authority in New York and New Jersey are actually making money.

Over-all the balance sheet of the New York Port Authority is very, very impressive. In 1976, for example, they had operating revenues of almost \$500 million. On that amount their income from operations was \$95 million. They made almost 20 per cent on their total operation in that year, and that is after \$90 million was charged against depreciation. After paying various items, such as the interest on their bonds of \$78 million and interest on bank loans of \$9 million, the Port Authority ended up with a net income of \$37 million.

There would be no need in Canada for the so-called user-pay concept if the government ran our airports efficiently, or returned those airports to local authorities where they could be integrated with the general commuter activities which are presently needed in areas such as Montreal, Toronto, Vancouver and certain other large centres.

Some hon. Members: Hear, hear!