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AIR TRANSPORT IN CANADA

An address by Mr. George Hees, Minister of Transport, in Ottawa, on May 20, 1960, to the Ontario-Quebec Lions Club.

When I was considering a suitable topic for this occasion, it seemed to me that, as you are all forward looking business and professional men, and leaders in your communities, it would be timely to speak about air transportation in Canada, its rapid growth, and in particular, developments occurring as a result of the jet age.

Aviation may be the baby of our transportation system, but it is an infant whose growth is nothing short of phenomenal. It is now just entering the second half century of its existence, and jet-propulsion has now been added to make that entrance more spectacular.

The experts charged with the job of providing air-traffic control, navigational aids, and runways and terminals to accommodate this exploding industry, are constantly faced with changing techniques, all for the express purpose of getting more people and goods from one point to another in less time.

Today, all major aviation interests in the world are constantly seeking and developing new safety aids to flying. One of the most important of these aids is Precision Approach Radar, which enables a plane to land safely in bad weather.

This year we plan to make the first installation of a series of Precision Approach Radars for our major airports. This equipment will make it possible for the captain of an airliner to place himself completely under the guidance of the radar-operator on the ground, who will in effect "talk him down". This particular aid-to-the-pilot is already used at many major military airports, and its adoption for major civil airports is growing throughout the world.

Another aid which we are watching closely, is being developed in the U.S.A. and Great Britain. This is a fully-automatic landing system, which will carry out the actual landing of an aircraft without active participation by the pilot until the aircraft reaches the ground.

Aircraft designees are now talking about supersonic commercial aircraft which will fly at 1,800 miles an hour, at a height of fourteen miles -- and which, needless to say, will bring a whole new set of operating problems. We must, as best we can, foresee all these problems and plan how to meet them. Closed circuit television based on radar screens, electric computers, secondary radar for individual identification, and automatic signalling, are the tools we are now trying out as speed and traffic volume increase.

Within the past ten years, the growth of air traffic in Canada has exceeded the most optimistic expectations. In that short period, domestic passenger traffic has sky-rocketed from one million to five million passengers a year.

The requirements arising from this explosive growth in terms of airports, airways, and terminals, are tremendous. At the present time, we are pushing ahead rapidly with a long-range programme, which covers the ten-year period expiring in 1968. The total estimated expenditure amounts to no less than $1 billion, based on about a 50-50 division between capital and operational costs.

Air terminal buildings form possibly the most noticeable part of the current construction programme. Each of these buildings is a highly complex structure, specially designed to suit not only the air traveller but many technical operations as well --- communications, customs and immigration, air-traffic control, baggage handling, and so on. When you superimpose on these the accommodation for a dozen and one types of concession, the terminal building is just about the equivalent of a small community.

For example, the new Montreal terminal building, which we will have in operation by the end of the year, has an area equivalent to five city blocks. 2,500 persons will work there daily. The heating load is more than 2½ times that of the Queen Elizabeth Hotel --- to be exact, 18,000 gallons of fuel oil on a peak day. The new Toronto terminal will cover an area thirteen times as large as the present building.

New terminal buildings are already in operation at Saskatoon, the Lakehead, Windsor, Quebec City, Seven Islands, Moncton, Torbay, Stephenville and Gander. This year we will complete new terminal buildings at Ottawa, Halifax, Regina and Montreal. Good progress is being made on the new projects at Edmonton, Winnipeg, and Toronto. When this part of our programme is completed, we will have a series of terminals better than those provided by any country of comparable size.

Another aspect of aviation which is perhaps not as widely recognized as passenger service, but is making tremendous advances today, is the business of air cargo. While volume in this field is still lower than passenger service, its present rate of growth has surpassed passenger business growth by nine times, and many competent people in the aviation industry are today predicting that freight revenues will soon exceed passenger revenues.

While air-freight expansion has been spectacular, it has been retarded by one obstacle - the lack of an efficient large cargo aircraft.

The fact airlines have been carrying on with primarily passenger aircraft converted for freight work has kept operating costs high.

A major solution to the problem of high costs and one which may well provide the economic breakthrough, is the CL 44 cargo plane being developed by Canadair.

This plane has many special features, particularly advanced turbo-prop engines with low fuel consumption and maximum capacity through use of a hinged tail which allows straight in loading and unloading.

This feature promises to overcome delays on the ground. It is estimated that three to five hour loading times may be cut to half an hour, and result in a substantial reduction in air-freight rates.

Ten years ago, Trans-Canada Air Lines carried, in one year, approximately 4½ million pounds of air freight. Last year, the total was 35 million pounds, or eight times as much. Today, virtually all the large airlines have, or soon will have, large jet aircraft in service, providing greater speed and more capacity.

The new DC 8 which TCA has now in operation is capable of carrying, in addition to its normal complement of 127 passengers, 5 tons of cargo in its holds, at a speed of 550 miles an hour.

When it is realized that a shipment of goods can leave Toronto at 8.35 in the morning, and arrive in Vancouver at 10.15 the same morning, or, for example, a shipment from a supplier in London, England, can leave at 3.15 in the afternoon and arrive in Toronto at 6.10 the same afternoon, one can readily see the great potential that lies ahead for this phase of the air industry.

I visualize the day, and not in the far distant future, when we will see huge central warehouses built close to our major airports, with connecting runways that will permit 30 to 40 ton cargo planes to taxi right into a warehouse, just as a truck does today, load its cargo in Montreal and deliver it in Vancouver the same morning.

When we accomplish this we will have given Canadian industry a major opportunity to improve its competitive position by providing the benefits of rapid delivery and continuity of supply in areas far removed from the source of production.

From the point of available facilities for air cargo in Canada, the prospect for the immediate future is greatly expanded capacity.

By December of this year TCA will be able to lift approximately 1.6 million pounds a month westbound from Toronto, compared to the present figure of approximately 400,000 pounds. In short, a fourfold expansion in air freight facilities before the end of this year. The same type of expansion in facilities will be possible to and from the Atlantic provinces, and early in 1961, to New York and Chicago.

Shipments will move at much greater speeds, so that a combination of increased speed in delivery and increased transport capacity will result in dramatically improved service.

This improvement in service might lead one to expect higher rates, but let me assure you, the reverse will very likely be the case, because of the increased productivity of the new aircraft.

On April 1st last, trans-Atlantic rates were reduced on a wide list of commodities --- in some cases as much as 50 per cent.

TCA has at present under study a review of prevailing domestic rates with a view to a reduction in domestic rates for air cargo, particularly long-haul cargo.

The increased productivity of the new aircraft now going into service provides the breakthrough for the carriage of large volumes of cargo by air.

At present the air industry is looking even farther ahead, and plans are well advanced for pure jet and turbo-prop freighter aircraft --- which give promise of lower cost transportation.

TCA, along with other North American and overseas airlines, is today actively studying the possibilities of employing new, modern, freighter aircraft on its routes, to provide even greater capacity and better service to Canadian business and industry.

Air freight rates will, in the future, approach more closely surface rates by rail, truck, and sea. Even though it may still cost more to ship by air, the small additional cost of air transport will be more than offset by the added advantages and economies of low inventories, reduced warehousing costs, and reduced packaging costs.

There is a fast-growing trend in business on this continent today, to consider more carefully transportation costs in relation to its effect on other costs, principally inventory and warehousing.

In the past, it has been necessary for business to maintain a string of warehouses, at different locations in Canada, to give fast local service. This entailed increased costs for inventories carried. Today, the rapid-delivery service now available by air, which can give virtually the same service direct from the factory, is allowing industry to review dispersed inventory costs and branch warehousing, and its associated costs.

In mentioning the great possibilities that lie ahead, I am under no illusion that all freight will move by air in the future. Even if they capture 1 per cent of the total ton miles, it will be an increase of many times their present volume of freight carried and, doubtless, will result in greater service at lower costs to the shipper and, in the end, to the consumer.

Present developments in air-transport facilities, both for passengers and cargo service, will mean much to Canada in the years immediately ahead. Our outlying areas, which we know are rich in natural resources, require suitable transportation facilities that will make their economic development a reality.

Some of these areas have been serviced by extension of existing railway lines, as for example in the Province of Quebec. Other areas have, and are being serviced by the construction of roads under our present roads to resources programmes. Still other areas are now being made accessible for development through an expanded sea-lift, which has seen our tonnage into the North expand from approximately 8,000 tons five years ago, to over 115,000 tons last year.

We believe that national development depends on the provision of first-class transportation facilities to assist free enterprise develop the resources with which we are so richly endowed. It will continue to be the purpose of this Government to make these transportation facilities available so that our country may be developed as rapidly as possible. Such development will mean jobs for our people, and a steadily-rising standard of living for our country.

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