

Mr. DRYSDALE: What was the price new?

Mr. MCGREGOR: We did not buy them new. They were originally aircraft brought into Canada at the end of the war which were modified and completely rebuilt by Canadair. I believe they went on our books at something in the order of \$150,000.

The CHAIRMAN: Are there any other questions on the financial statement?

Mr. CATHERS: Returning to that \$6 million insurance fund; is that increasing?

Mr. MCGREGOR: Yes.

Mr. CATHERS: It does not show in your statement that any money is being set aside out of your operating fund into that fund. Is there any.

Mr. MCGREGOR: The fund was built up from \$5,600,000 odd to \$6 million by transfer from earned surplus to it, with respect to 1958. At the present time, by board action, there are accruals being made to the fund monthly.

Mr. CATHERS: It looks small when you consider the fact that if you lose one aircraft you lose practically your whole fund.

Mr. MCGREGOR: Yes, and that is why the fund is being built up. For years it sat solidly with a board approved ceiling of \$6 million, and it is the prospect of these aircraft and the value of them that caused the board recently to adopt the policy of making additional accruals to the fund.

Mr. CATHERS: Does this insurance fund cover you for damage to your aircraft—public liability and all insurance,—or do you have outside insurance?

Mr. MCGREGOR: It is the company's own money, which can be applied to any claim that is laid against it, either by passenger liability or loss of equipment.

Mr. CATHERS: In other words, you are not taking outside insurance?

Mr. MCGREGOR: We carry some insurance outside. We carry third party risk with respect to flights; that is, the possibility of an aircraft falling on a house, or something of that kind. We carry ground risk insurance and buildings and contents insurance.

Moved by Mr. Broome and seconded by Mr. Pasco that the Annual Report be adopted.
Motion agreed to.

The CHAIRMAN: Now, we come to the Auditors' Report.