

Mr. MCGREGOR: A lot of that was tied up with the elimination of one heavy maintenance base at Vancouver, involving a reduction in the heavy maintenance equipment requirement of the company by an amount equal to about \$100,000.

Mr. DREW: How would the elimination of that base affect the expenditures for aircraft component equipment?

Mr. MCGREGOR: Because had we continued that base, we would have had to buy such expensive items as lathes and presses, and other heavy shop equipment.

Mr. DREW: Are you saying that equipment of that kind is included in this item?

Mr. MCGREGOR: Yes.

Mr. DREW: It is not only included in the aircraft?

Mr. MCGREGOR: I thought you were talking about item four.

Mr. DREW: Under the heading of "Aircraft Component Equipment" you estimated last year the amount of \$232,210.22 and you only spent \$110,585.56.

Mr. MCGREGOR: Yes.

Mr. DREW: Which means that you did not spend \$120,000. But nevertheless you are only estimating this year for \$24,487.96 as against a carry-over from last year alone of \$120,000. That is what I cannot quite understand.

Mr. MCGREGOR: That has to do with the very satisfactory reduction we were able to make in the investment in capitalized spare parts. That was primarily due to the action of the suppliers in maintaining adequate spare parts in Canada, a condition which had not previously existed since before the war.

Mr. FULTON: You said, I think, under "Airplanes" that the airplane items came under that heading, everything which had to do with parts for the aircraft. So what distinction do you make between that item and this one "Aircraft Component Equipment"?

Mr. MCGREGOR: Under "Airplanes" come parts which are in the airplane. But under component equipment comes all equipment belonging to an airplane but which is not in an airplane, but which is carried as capitalized spares.

Mr. FULTON: I do not get that distinction. Do you mean such things as cabin equipment?

Mr. MCGREGOR: If you happen to own six tires for your motor car and one is in the garage while five of the tires are on the car, then the five which are on the care come under the heading of "Airplanes", while the one tire which is in the garage comes under the heading of "Component Parts".

Mr. FULTON: Roughly, it is a category of spare parts?

Mr. MCGREGOR: That is right.

Mr. DREW: Where would that show in this statement?

Mr. MCGREGOR: It would come under the first item if the part is installed in the aircraft; and it would come under the third item if the part were not installed.

The CHAIRMAN: Shall item 3 carry?

Carried.

"Ground Communication Facilities", item 4?

Mr. FRASER: That would be telephone, teletype, and things of that nature?

Mr. MCGREGOR: And air to ground radio communications items.

Mr. FRASER: The item for 1950 would appear to show a need not nearly as large?