

Mr. HAMILTON (*York West*): It boils down to this—that the independent airlines in the states are going to be able to take advantage of the money which we are spending on a good engineering department.

Mr. MCGREGOR: In that case it was so.

Mr. HAMILTON (*York West*): I understood they said: "We shall take the planes as delivered to T.C.A."

Mr. MCGREGOR: Incidentally we are getting something back from Vickers with respect to that engineering cost.

Mr. HAMILTON (*York West*): That goes against your argument.

Mr. MCGREGOR: We have not got it yet.

Mr. HAMILTON (*York West*): I do not want in any way to trap you on this question, but you are not suggesting that Capital Airlines do not have a maintenance group? They maintain their aircraft on pretty well the same principles as all other companies.

Mr. MCGREGOR: Yes.

Mr. HAMILTON (*York West*): There would not be so much difference in cost there?

Mr. MCGREGOR: No. The main difficulty is in the thinner traffic. Capital Airlines, selecting their routes to the degree permitted by the Civil Aeronautics Board, naturally confine themselves to the larger centres. In fact I think it is only a year or so ago that many of the larger airlines in the States were requesting permission to discontinue services to the smaller points.

Mr. HAMILTON (*York West*): But would not the engineering work which we do work "in reverse"? Would we not get benefits from it to the extent that all the "bugs" would be ironed out before aircraft came to us?

Mr. MCGREGOR: You might think so, but it is really not the case. T.C.A. Super Constellations have many engineering modifications in the model ordered by us which those ordered by airlines operating in more salubrious climates do not require.

Mr. CARRICK: May I ask a question? If you were trying to operate T.C.A. to make the maximum profit you could, and not to give a service to the public, could you think of any modifications you would make in order to bring this about? Am I right in thinking that you do not operate solely with a view to getting as much profit as you can?

Mr. MCGREGOR: We operate with a view to keeping ourselves from becoming an expense to the taxpayer, while at the same time maintaining a quality of service which we can be proud of. One great saving—I do not think it is one of which passengers would approve—would be to refuse to pay en route expense on delayed flights, and those delays are extremely prevalent in the two coastal regions in Canada. That would save perhaps a million dollars a year.

Mr. CARRICK: I suppose, also, you would cut out some of these thinner routes if you were looking to profit rather than to service?

Mr. MCGREGOR: Yes.

Mr. HAMILTON (*York West*): Before we leave that item—

Mr. GILLIS: We have been on that for the last three-quarters of an hour. We carried the report.

Mr. HAMILTON (*York West*): There seems to be some contradiction in connection with the answer on free transportation to this extent: in your answer