

Mr. HAHN: At the time of the purchase, 1953, how long a period of time did you expect to keep those aircraft?

Mr. MCGREGOR: We did not expect to keep them long because the plan which has now been carried out was in existence at the time. We were depreciating them on the basis of a 5-year straight line.

Mr. HAHN: Would you explain what you mean by 5-year straight line?

Mr. MCGREGOR: A constant rate of write-off based on the forecast period of useful life, as distinct from a percentage rate.

Mr. HAMILTON (*York West*): Now that my room-mate has cleared up this \$38,000 item for me, that is reflected not only in a reduction in operating expenses but also right down through to your net income position and the \$190,000, \$48,000 of which is reflected in this inventory which was picked up during the past year.

Mr. MCGREGOR: Yes.

Mr. HAMILTON (*York West*): I do not know whether you answered Mr. Fulton completely, but I want to come back to the non-operating income position which apparently was quite different from what you estimated in your budget last year. Now, do I understand that you regard that as a fortuitous event this year?

Mr. MCGREGOR: That it will repeat itself in being larger?

Mr. HAMILTON (*York West*): Yes. Will it repeat itself?

Mr. MCGREGOR: I do not think so. At the time we made the operating budget for the year 1955 we expected the non-operating revenue would be as we showed in the budget. Various things did not happen and certain other things did happen in 1955 which improved it. I do not think we can expect that we will be lower by that proportion again in our forecast of the non-operating revenue for 1956.

Mr. HAMILTON (*York West*): Then would it be fair to say that our net income of \$190,000 which is so close to the estimated net income of last year to a great extent was fortuitous as well, because we picked up \$48,000 and also what appears to be a couple of hundred thousand dollars on non-operating income which may not be repeated?

Mr. MCGREGOR: No, I do not think so. We did hope and expect a return on the operation of the Viscounts considerably sooner than we had them, and so our revenue was depressed by that amount about \$500,000 incidentally. In other words, like most budgets, what actually happened in relation to the budget is a series of small differences which tend to offset one another.

Mr. HAMILTON (*York West*): Unless we have an improvement in the services of operating beyond this current year then with the same set of circumstances you probably will show a loss?

Mr. MCGREGOR: It is not a fact with respect to our 1956 operating budget which will be submitted to the committee later on.

Mr. HAMILTON (*York West*): No, but you are expecting an improvement in the operating picture if you are going to show a profit?

Mr. MCGREGOR: Yes.

Mr. HAMILTON (*York West*): I do not know whether I will have another opportunity to ask this question. In connection with your insurance fund, have you paid out all of the claims in connection with the Moose Jaw and Brampton crashes?

Mr. MCGREGOR: All the claims with respect to Moose Jaw have been settled and all but one with respect to Brampton.

Mr. HAMILTON (*York West*): Is it a large claim which is outstanding?