

Mr. HAMILTON (*York West*): And that was the reduction which was applied for at least two years ago?

Mr. MCGREGOR: Right.

Mr. HAMILTON (*York West*): Has it turned out to be an economical operation at the new rates?

Mr. MCGREGOR: Thus far, yes.

Mr. HAMILTON (*York West*): Do you anticipate the same rate of growth as you have now once you get the North Star aircraft into transcontinental service?

Mr. MCGREGOR: I do not think we will see another 34 per cent increase because we won't be making a further 30 per cent reduction in commodity rates and they certainly had an accelerating influence on the rate of growth. I think we will see the percentage rate of growth tend to flatten out.

Mr. HAMILTON (*York West*): On the North Stars have you calculated the amount of the conversion cost?

Mr. MCGREGOR: Yes.

Mr. HAMILTON (*York West*): Could you tell me what it is?

Mr. MCGREGOR: Yes, about \$25,000 an aircraft.

Mr. HAMILTON (*York West*): It is almost exactly what you had calculated previously?

Mr. MCGREGOR: Frankly I didn't remember but I am glad to hear it.

Mr. HAMILTON (*York West*): That will be the only amount then that you will have to calculate depreciation against, will it as far as this air freight service is concerned?

Mr. MCGREGOR: If we capitalize that modification, yes.

The CHAIRMAN: Shall the item "Commodity Traffic" carry?
Carried.

Mr. HAMILTON (*Notre Dame de Grâce*): Commodity ton miles, Mr. McGregor, represents a total—would it be correct to say—of air freight and air express?

Mr. MCGREGOR: Yes.

Mr. HAMILTON (*Notre Dame de Grâce*): Nothing else?

Mr. MCGREGOR: Nothing else.

Mr. HAMILTON (*Notre Dame de Grâce*): I will tell you there is a small discrepancy which disturbs me. You quote in your report 10,192,000 commodity ton miles, roughly, and then in the table on page 6 if you take the total of the air freight and air express they only total up to 10,132,000, so there is a discrepancy of about 60,000 ton miles there.

Mr. MCGREGOR: I was not quite correct in saying that was everything. The difference, 60,000 ton miles, represents diplomatic mail carried.

Mr. HAMILTON (*Notre Dame de Grâce*): So that is probably where your 60,000 ton miles came from?

Mr. MCGREGOR: Yes.

Mr. HAMILTON (*York West*): I would like to ask one further question in connection with this service. In connection with the North Star aircraft, will you be restricted in the amount of air freight that will be available since we won't find feeder lines equipment of the same character or category available as before at the stopping point or unloading point?

Mr. MCGREGOR: I do not think so, Mr. Hamilton. Projects such as the DEW line are bringing into the country a lot of freight type aircraft of various sizes, and I think we will be pretty well supplied with feeder lines.