

Mr. FULTON: How do you handle these capital purchases? Do you always hope to meet them out of current revenues, or do you consider them to be mere balance sheet items? How are they handled in the company's internal finances?

Mr. MCGREGOR: As long as capital expenditures in the case of any one year run below depreciation accruals, no new capital is required, and depreciation accruals are used as may be necessary to finance the capital expenditure.

Mr. FULTON: What has been the history in that connection so far? Have your depreciation accruals more than covered your capital purchases?

Mr. MCGREGOR: By a considerable margin, in 1949.

The CHAIRMAN: Shall item 7 carry?

Carried.

Item 8 "Accommodation and Office Facilities".

Mr. FRASER: There is an increase of about \$28,000 here. Is that on account of your southern run?

Mr. MCGREGOR: Where is that?

Mr. FRASER: Under the item entitled "Accommodation and Office Facilities", I see there is an increase there over last year.

Mr. MCGREGOR: The estimate is some \$28,000 higher than last year?

The CHAIRMAN: No, it is not higher than the estimate for last year but higher than the actual.

Mr. FRASER: Higher than the actual, yes.

Mr. MCGREGOR: That largely has to do with the establishment of offices at new locations, places such as London, Vancouver, and so on, where new office equipment and furniture is required.

Mr. MUTCH: How much of that would be attributable to the increase in costs as a result of the changing to Montreal?

Mr. MCGREGOR: I would say none. That would all come in the 1949 expenditures, and in that case there has been very little new furniture bought. It was a case of moving furniture which existed.

Mr. MUTCH: Would it include as well accommodation?

Mr. MCGREGOR: That refers only to the modifications we make to premises that we may lease.

Mr. MUTCH: And has it been necessary to make any capital expenditures in order to accommodate yourself to your new home?

Mr. MCGREGOR: The item would include, I would say, from \$10,000 to \$15,000 for partitions.

Mr. DREW: What kind of facilities are covered by this item?

Mr. MCGREGOR: Renovation to interiors, and the actual furniture such as desks, chairs, counters and so on.

Mr. DREW: Is that not part of the Department of Transport property?

Mr. MCGREGOR: No.

Mr. FRASER: It would cover typewriters as well, would it not?

Mr. MCGREGOR: I am talking about our offices

Mr. FRASER: That is not in the airport?

Mr. MCGREGOR: We do put in, at our own expense, our counters, at the airports.

Mr. FRASER: What are the actual arrangements under which activities as restaurants and newsstands are operated?

Mr. MCGREGOR: That is entirely under the Department of Transport.