

Mr. MILLER: In connection with the sales of aircraft mentioned on page 8, I suppose the money would be credited to the capital structure of the company?

Mr. MCGREGOR: That is right.

Mr. MILLER: Would it amount to much?

Mr. MCGREGOR: Yes, I have the details here. The DC3's were sold, I think, for \$40,000 a piece. The Lodestars sold for an average of about \$20,000.

Right Hon. Mr. HOWE: They had been fully depreciated in the service.

Mr. MCGREGOR: Yes.

Mr. MILLER: And in a case like that I suppose the money is eventually a refund to the government.

Mr. MCGREGOR: No, the refund is to the capital account of T.C.A.

The CHAIRMAN: Are there any other questions, gentlemen?

Mr. MILLER: Why is so little mail being flown to the British Isles?

Mr. MCGREGOR: I might enlarge on that. The usual agreement, for carrying mail between two countries, is for the national carriers of each country to be given half of the originating mail at both ends. After some discussion between the post offices concerned it was agreed to depart from that arrangement in so far as the north Atlantic service was concerned and to give all the westbound originating traffic to BOAC. The Canadian government would give all the eastbound originating traffic to T.C.A. Actually the two volumes are not identical and more mail originates in the United Kingdom, but we are very happy about the situation because westbound flight is more strenuous than eastbound flight due to the prevailing winds.

The CHAIRMAN: Are there any other questions on page 14?

Mr. FULTON: What would you say about the North Star? Have any types, apart from the strato-cruiser which is supposed to make it obsolete or obsolescent, given you cause or concern for the fact that your North Stars will become any less attractive?

Mr. MCGREGOR: No, the DC6 is a very comfortable aircraft which has come out since the North Star, but it lacks one of the primary features of the North Star, and one about which we are most enthusiastic, that is the ceiling at which it operates. The North Star by virtue of the two-stage supercharger and the Merlin engine is a very satisfactory aircraft for high altitude flight by propeller driven machines. I am speaking of heights of 22,000 feet. It has more satisfactory operation at that height than the Pratt and Whitney with the single stage blower.

Right Hon. Mr. HOWE: The last big purchase of aircraft was North Stars, and that was a pretty good indication.

Mr. FULTON: I think it is something we can be well satisfied with, but I was wondering about the future and as a matter of information, whether, any further developments had taken place.

Right Hon. Mr. HOWE: I do not think so. They are studying the North Star with a more powerful engine which might be developed to give more speed. We think that a package of 40 passengers is big enough.

Mr. FULTON: What about the noise aspect? Has much progress been made in that direction?

Right Hon. Mr. HOWE: We are still fighting it and perhaps Mr. McGregor can answer.

Mr. MCGREGOR: A good deal of progress has already been made but the problem is not licked. We cannot be sure it is actually licked at present until the exhaust manifolds which have been built in Winnipeg have completed a very exhaustive series of tests. Those exhaust manifolds have been very long in development due to the heat problem involved, and the fact that you must not do anything with the exhaust to create back pressure on the engine. This