

Mr. BYRNE: Is it likely that they will be into the jet service in trans-continental service long before Trans-Canada reaches that stage of development. I understand that they expect to traverse the continent in about four hours. If they get into this much ahead of Trans-Canada, is it liable to be a serious matter?

Mr. MCGREGOR: I think that Northwest is one of the few large American airlines that has not yet ordered jet aircraft.

Mr. BYRNE: Of course we have not ordered them?

Mr. MCGREGOR: We have not ordered them either.

Mr. HAHN: Just along that line, United flies into Vancouver and Seattle, and New York, of course, and I think from the Vancouver point of view that is used more regularly than Northwest?

Mr. MCGREGOR: Yes, but I am sure United does not operate a trans-continental service east from Seattle.

Mr. BYRNE: From 'Frisco, San Francisco.

Mr. HAHN: Oh, you are speaking from San Francisco, but this is from Seattle. That would be the natural route that was taken. I took it last year from Seattle; Vancouver, Seattle to New York.

Mr. MCGREGOR: Yes. Were you flying United from Seattle?

Mr. HAHN: Yes, United.

Mr. MCGREGOR: I see.

Mr. HAHN: There is another question in the operating expense. It is not an important one I know, but it does have some relationship. Last year we discussed to some degree the question of passes. I take it that there has been no change in policy from what we had heretofore?

Mr. MCGREGOR: No.

Mr. HAHN: No.

Mr. FOLLWELL: Mr. McGregor, last year you indicated that the T.C.A. had not planned yet on getting into jet aircraft, and I think you said there were several reasons, but now the discussion has come up about jet aircraft, and you have now indicated most of the American airlines ordered jet aircraft. You have not ordered yet, but can you tell the committee what your plans are for the future, the immediate future, for instance?

The CHAIRMAN: I think that is dealt with later on in the report, if you could wait until we come to that heading.

Mr. FOLLWELL: Well, he might discuss it now and save the committee time later on.

Mr. MCGREGOR: Well, a recommendation, Mr. Follwell will be made to the T.C.A. board of directors, I would think within the next five weeks with respect to the purchase of jet aircraft. I, of course, cannot say how that recommendation will be received. There will be a heavy capital expenditure involved, but I could say no more, at this time. That is the present stage of our planning; the technical studies associated with various alternatives to jet aircraft purchase that are available are nearing completion.

The CHAIRMAN: Are there any further questions on finance?

Mr. FULTON: One small question arising out of your answer earlier in connection with non-operating income. When you were reading out the headings, as I recall it, you said there was an item of interest on the loan to the C.N.R.; was I correct there? Well, how do you have an interest payment from the C.N.R. when I understand you owe them about \$13 million now? How does that happen?