

*Crawford Oct. 18 with Agenda, C-10-3-D
D-19-C-2*

MINISTER OF NATIONAL DEFENCE FOR AIR

SECRET

The Honourable J.L. Ilesley,
Minister of Finance,
Ottawa, Ontario.

October 17th, 1944.
SECRET
CABINET WAR COMMITTEE
Document No. *886*

My dear Colleague,

Re: Financial Settlement B.C.A.T.P.
March 31st, 1945 -- and other Financial
Arrangements subsequent thereto

Copy No 12

I am submitting to you certain matters which require urgent consideration and decision involving the concurrence of our respective Departments.

As you know for the past several weeks Mr. H.G. Norman, Financial Adviser of the B.C.A.T.P. and Air Vice Marshal K.G. Nairn have been in the United Kingdom to deal with the above mentioned matters.

The situation is as follows:

(1) The Air Training Agreement as it presently exists expires March 31st, 1945;

(2) Article 27 of the Agreement of June 5th, 1942, is as follows:

"On termination of this Agreement, any obligations accruing in respect of the combined training organization, and any costs necessarily incurred in the process of winding up of the organization, shall be shared by the Governments of Canada, United Kingdom, Australia and New Zealand, as follows:-

	<u>Per cent</u>
Canada	50
United Kingdom	45
Australia	3
New Zealand	2

Residual assets, other than defence articles supplied to the Government of the United Kingdom by the Government of the United States of America under the Lease-Lend Act and other than land, will be apportioned on a similar basis."

(3) Under the so-called Balfour-Power Arrangement entered into

Minutes and Documents of the Cabinet War Committee,
Volume XVI, July - December 1944, (R.G. 2, 7c, Volume 16)

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