

R.C.A.F. MESSAGE

TO: Minister R.C.A.F. H.Q. Ottawa.

FROM: Roycanairf

CX 6785  
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Secret

From Norman

Nairn and self have had meeting today with U.K. Treasury and Air Ministry Officials in regard to proposed settlement of present plan and payment for training in Canada of R.A.F. Personnel after March, 1945.

We received copy of a signal which was sent from Dominions Office to U.K. High Commissioner in Canada for communication to you which indicates further drastic reductions in proposed training as compared with those which were discussed by you with Balfour in Ottawa at last meeting. Signal indicates total population when reduction completed approximately four thousand six hundred of which approximately one third R.A.F. two thirds R.C.A.F.

If this plan is followed it would appear there should be sufficient equipment and supplies on hand at March 31, 1945, to carry on projected training for year 1945-46 and therefore per capita cost to be borne by U.K. should consist of only pay and allowances and other day to day personnel costs including rations and overhead.

Having this in mind it would appear unnecessary to require U.K. to undertake a minimum payment as was originally proposed. Enquiry was made of Treasury Officials as to their estimate of residual value of capital assets in squadrons, reserve stocks and pipe line. They expressed a view that the disposal value of equipment other than that which could be turned to civilian uses would not be very material. Having in mind these factors the suggestion was made by United Kingdom that

- (a) U.K. waive all interest in residual value of plan assets existing at March 31, 1945, and be relieved of all cost of disposal subsequent to March, 1945.
- (b) U.K. to be entitled to receive free either before or after March, 1945, any plan equipment declared surplus to the plan and other Canadian Armed Service if required by U.K. for Royal Air Force purposes subject to payment by U.K. Packing and Shipping.
- (c) U.K. to be relieved of liability under Section 27 to pay share of outstanding obligation at March, 1945, as well as cost of winding up the plan subsequent to that date.
- (d) Canada not to assume any obligation in respect of disposal of assets paid for in U.K. or cost of returning such assets to U.K.
- (e) Canada to waive interest in residual value of assets purchased for squadrons or reserve stocks or pipe line and have no responsibility for their ultimate disposal except Canada may upon cessation of hostilities take any aircraft and equipment which had been paid for by them subject to cost of packing and shipping to Canada.

In connection with these suggestions Treasury further suggested that consideration might be given to offsetting the cost of training R.A.F. Personnel in Canada in 1945-46 against the cost of advanced training of R.C.A.F. Personnel in Great Britain during same year for replacements in R.C.A.F. Squadrons. It is not possible at this date to estimate the cost of advanced training in Great Britain in 1945-46 and the training of R.A.F. Personnel in Canada involving only the costs referred to above would not be very material. This suggestion we agreed to refer to you since it appears it may have political considerations as well as financial having in mind the continuance of the Empire Air Training Plan as such. Would you please obtain Dr. Clark's views and advise me of his views and yours.

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

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