

MEMORANDUM

SECRET

17th October, 1944.

The Minister

In support of Proposals in connection with the B.C.A.T.P. Financial Settlement at March 31, 1945 and other Financial Arrangements subsequent thereto.

1. The financial arrangements for and obligations under the British Commonwealth Air Training Plan are becoming more involved every day through the reduction in the scale of operation of the Plan, changes in Western Hemisphere Operations requirements and generally, the intermingling of matters pertaining to demobilization, repatriation, disposal of assets, winding up costs, etc. Consideration has been given to numerous proposals with a view of simplifying the problems which will arise. A signal has been received from Mr. H.G. Norman, now in U.K. embodying the proposals of the U.K. Treasury and Air Ministry which are generally in accordance with those discussed in previous memoranda directed to you and which in addition, make reference to a basis for dealing with training costs subsequent to March 31, 1945. There also have been included certain proposals in regard to financial obligations undertaken by Canada in connection with the R.C.A.F. Overseas operations.

2. The proposals may be summarized as follows:

- (a) U.K. to waive all interest in residual value of B.C.A.T.P. assets existing at March 31, 1945 except as provided in (b) and to be relieved of all costs of disposal of such assets incurred subsequent to March 31, 1945.
- (b) U.K. to be entitled to receive as free issue either before or after March 31, 1945, any B.C.A.T.P. equipment declared surplus to the requirements of the B.C.A.T.P. and other Canadian Armed Services subject to payment by U.K. of packing and shipping charges.
- (c) U.K. to be relieved of liability under section 27 of the B.C.A.T.P. Agreement to pay 50% of the obligations of the B.C.A.T.P. outstanding at March 31, 1945 as well as 50% of the cost of winding up the B.C.A.T.P. subsequent to that date.

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