

The operating revenues for the year 1931 amounted to the sum of \$177,273,738, or approximately \$20,000,000 more than the estimate for 1932.

In view of the rapid decline of the operating revenues, your Committee are impelled to recommend that the most stringent economy be exercised by the management in all the controllable operating expenditures, and in this regard your Committee recommend that with respect to executive officers and other salaried officials of the Railway, a thorough revision of salaries downward be made. In the report of your Committee for the year 1931, a specific recommendation to that effect was passed and in response thereto the report from the sub-committee of the Board of Directors, directed to the Honourable the Minister of Railways and Canals, dated the 16th February, 1932, was submitted to your Committee. This report announced that on July 31st, 1931, a horizontal cut of 10 per cent, affecting all officials and officers in receipts of salaries of \$4,000 and over, became effective, and has resulted in an annual saving of \$545,652, affecting in all 828 officials and officers. This means that the annual cost of the said 828 officials theretofore amounted to approximately \$5,456,200. The sub-committee of the Board of Directors were of opinion that specific rather than further horizontal reductions in salaries should be made, and stated that an examination of the salaries exceeding \$5,000 was under way, having in view additional economies. No subsequent report has been received, but your Committee concur that specific rather than a further horizontal reduction in salaries should be made, and in this connection desire to point out that in a statement submitted and produced to the Committee, it would appear that as of July 21st, 1931, there were 96 officials receiving \$10,000 and over and 37 officials receiving \$15,000 or over. Your Committee are of opinion that the salaries paid to the high officials are excessive and should immediately be substantially reduced.

Your Committee would further point out that there would seem to be a multiplicity of officials and the number of higher paid officials should be substantially reduced, especially those acting in the capacity of Assistants to heads of Departments. Your Committee therefore recommend that the Subcommittee of the Board of Directors set up to deal with this matter be instructed to put into effect immediately the principles underlying this recommendation.

Included in the activities of the Subcommittee of the Board dealing with the salaries of the Executive Heads and other officials, was the subject matter of the remuneration received by the President. Under the terms of his contract of engagement dated September 23, 1929, the President shall receive a fixed annual salary of \$75,000 per annum, without any extra fees or remuneration of any description. It has come to the attention of your Committee that the President is still in receipt of an additional \$5,000 fee from the Ontario Car Company and the special annual allowance for expenses not to be specifically accounted for approved by the Board of Directors on November 18, 1929, amounting to \$15,000, and your Committee recommend that the matter of the receipt of said fee of \$5,000 shall be again considered by the Board of Directors with a view to its possible cancellation. With respect to the special allowance of \$15,000 your Committee recommend that the payment of the same be reviewed by the Board of Directors as being inconsistent with the terms of his contract of engagement.

Following the recommendation of your Committee of last year, made on the suggestion of the President, a Royal Commission on Transportation has been set up by the Government and is now functioning. This Commission has not yet finished its labour or reported its findings. Your Committee are not desirous of anticipating the findings of the Commission but your Committee are of the opinion that the Report of the Commission which it is anticipated will be brought down shortly should be studied with the greatest care, not only