

Sir HENRY DRAYTON: And the books show that in the month of September the sum of \$250,000 was set to reserve for this purpose, and in October \$490,605. In November \$1,664,394, and in December \$2,385,000?

Mr. HENRY: That is correct.

Sir HENRY DRAYTON: Making a total of \$4,490,000?

Mr. HENRY: Those figures are correct.

Hon. Mr. GRAHAM: What year is that?

Sir HENRY DRAYTON: In 1922, building up the reserve to look after equipment of the system. Then we have no reserve built up in the year 1923 except \$801,000.

Mr. HENRY: That is correct. That is referred to on page 6 of the report.

Hon. Mr. GRAHAM: I do not quite understand that.

Sir HENRY DRAYTON: You take a survey of your situation and you make up your mind what you are going to do with your money, whether you are going to put it in this year or the next year. It is a matter of the executive passing on these things. Some railway operators think it is a good thing to charge as much as possible to the current year, and some do not. Sometimes the things which might go to maintenance go to betterments of the line. It is a matter of the exercising of judgment. I am not quarreling with the judgment; the judgment here was that \$4,000,000 in 1922 should be set up as a reserve, and that is the reserve Sir Henry Thornton spoke about. The same judgment fixed on \$801,000 as the reserve to be built up in the year 1923. So that the expenses, so far as the accounts are concerned, would indicate that on this subject of reserves, the accounts are charged with \$3,689,000 more money in the year 1922 than they are charged in the year 1923.

Mr. COOPER: In maintenance of equipment.

Sir HENRY DRAYTON: That is quite right. It does not mean that the equipment did not get service; they got the service out of the money which had been allocated in the previous year. So the result is this, that you have an apparent saving or skimping, because that is what anyone would think from looking at it, represented by the difference between \$52,176,320, as against \$56,160,700. That would be an apparent saving of how much?

Mr. COOPER: \$3,984,380.

Sir HENRY DRAYTON: That is the actual saving?

Mr. COOPER: Yes.

Sir HENRY DRAYTON: But the service, that is the equipment, as a matter of fact did not suffer from the non-expenditure of that \$3,984,000, because we have \$3,689,000 available from the books of the other year. That is right?

Mr. COOPER: Yes.

Sir HENRY DRAYTON: So that the service is kept up, and the only difference is that there is a shortage in our reserves to-day of \$3,689,000, and an economy an actual economy of—how much would that be?

Mr. COOPER: \$3,984,380.

Sir HENRY DRAYTON: That is the real difference between the figures of \$52,176,320 and \$56,160,700?

Mr. COOPER: Yes.

Mr. STEWART: I am not very clear on the purpose served by these reserves that Sir Henry Drayton is talking about. I think a little explanation might make it clearer.

Sir HENRY DRAYTON: Let us get this finished, and then take that up. That would make a real difference in the amount spent on equipment of \$295,380,