

Mr. STEWART: I was going to ask, then, if we are right in considering that it would require that \$1,930,256 to bring our equipment up to par? Just let me read this sentence from the report. "All deferred maintenance of equipment charges may now be considered as either having been overtaken or provided for in the above mentioned reserve". Does that mean it would require the whole reserve to bring our equipment up to par?

Major BELL: Yes.

Mr. HENRY: Yes, that is correct.

The CHAIRMAN: Is there anything further on this particular phase of the report?

Sir HENRY DRAYTON: How is it determined what sums that are spent on the roadbed shall be charged to maintenance, and what to betterments?

Mr. BROWN: It is charged entirely in accordance with the Interstate Commerce Commission classification accounts.

Sir HENRY DRAYTON: Who determines this? You can do almost anything with classifications. Who determines it? There is a classification of accounts, but who determines what goes into each of them?

Mr. BROWN: These amounts of expenditures come into the audit office and they do the allocating.

Sir HENRY DRAYTON: I want to know who does it.

Mr. COOPER: The engineer distributes it and we audit it.

Mr. BROWN: Where you take an appropriation that covers a betterment as well as a maintenance charge, we distribute that in making up our estimates, in making up what we call our authority for expenditure, and that is determined on the basis of the Interstate Commerce Commission classification accounts.

The CHAIRMAN: Who checks that up?

Mr. BROWN: It is checked right up through the various offices and finally in my office.

Sir HENRY DRAYTON: It is a matter of judgment, into which account it should go.

The CHAIRMAN: Whether it is a capital charge or expenditure.

Major BELL: It is laid down very very clearly to what this shall be chargeable, and through very long experience there is very little left out.

Sir HENRY DRAYTON: We know, as a matter of fact, that the amount charged by some lines for maintenance varies absolutely from that charged on others. We know that some railroads like to charge everything they can to maintenance, with a view to getting the property in the best shape. We know that others charge everything they can to betterments, with a view to showing as good an income return as possible.

Major BELL: If they do that they are deliberately putting in false statements.

The CHAIRMAN: I suppose there is a little latitude there.

Mr. COOPER: Not under the Interstate Commerce Commission classification.

Sir HENRY DRAYTON: That is the way it works out. For example, you have in connection with this very matter the question of maintenance on the one hand and betterments on the other. You have had how many advances this year which you treat as capital accounts?

The CHAIRMAN: Do you want the number, or the total of the amounts?

Sir HENRY DRAYTON: Just the total.

Mr. HENRY: You want to know how much was advanced for betterment purposes?