

By Hon. Mr. Graham:

Q. May I interpolate right there? Is the accounting system of the Canadian National Railways the standard one adopted and insisted upon by the Interstate Commerce Commission?—A. It is.

By the Chairman:

Q. Would you give us an explanation why the material reduction this year as compared with last year is something over \$4,000,000?—A. \$4,000,000 for maintenance of way and structures?

Q. No, the reduction of the two— —A. You would have to take them separately.

By Hon. Mr. Graham:

Q. Take the maintenance of way and structures on page 19?—A. I might make this general statement, before we consider it in detail. We charged to maintenance of way and structures in 1923, \$4,781,775. I am speaking now from page 19 of the Annual Report. In 1922 we charged \$45,623,536; in other words, we spent last year practically \$842,000 less than we did in 1922. To begin with, in dealing with so large an amount, I doubt if anyone could find an expression from the condition of the track of so small a matter as \$842,000. That is, when you are dealing with figures that are between \$44,000,000 and \$45,000,000, \$870,000, while in itself a large sum, proportionately is not very much.

By Hon. Mr. Graham:

Q. Would that include bridges?—A. Oh, yes; that would include every item.

Q. Stations?—A. Everything. That would include all of the items shown under the heading "Maintenance of Way and Structures" on page 19 of the annual report.

By the Chairman:

Q. You mean the reduction on the basis of percentage is very small?—A. Yes; it is a large sum to either you or me—

The CHAIRMAN: I certainly will admit that as for myself.

The WITNESS: —but comparing it with so large an amount, it is not very large. I think perhaps the best thing would be for me to take the larger items of decrease. The first one we come to is account 212, "Ties." There was a decrease of practically \$2,250,000 in ties. In the first place 111 per cent fewer ties were used in 1923 as compared with 1922. In addition to the saving thus effected, further reductions accrued from the lower average price for ties which obtained in 1922. There was a decrease of \$500,000 due to the reduction in the average price of ties from 95c. per tie in 1922 to 87c. in 1923. There was a further decrease of \$600,000 due to there having been charged in the account of 1922; that representing an adjustment of an account for 1921. In other words, in 1922, \$600,000 was charged into that account which belonged to the previous year, and was in adjustment. There was a decrease of approximately \$950,000 due to there having been used 1,000,000 less cross-ties on the Canadian lines in 1923, as compared with 1922, and there was a decrease of about \$200,000 in the value of bridge and switch-ties used.

Now, roughly speaking, the total number of ties on our lines amount to 80,000,000. We renew about 7,000,000 ties—or did last year, about 1,000,000 less than the previous year. That means that we stretched the life of a tie from about 10 years to 11 years. That, in turn, was due to the more rigid inspection when the ties were taken out to the track, and an effort to take out no ties unless they had entirely outlived their usefulness. In considering our annual tie