

The CHAIRMAN: It would be just as easy to give the income statement which is on page 17 and put that right alongside of the operating statement?

Mr. HENRY: Absolutely.

Hon. Mr. GRAHAM: Will there be a note made of that for one of the things we will discuss in the report?

Major BELL: May I explain to the committee how this classification is arrived at by the Interstate Commerce Commission? It is not an arbitrary rule, but has been gone into very thoroughly. Before any change is made in their classification. Before any change is made in their classification, they refer it to a sub-committee of what they call the American Accounting Officers' Association, which includes the accounting officers of all the leading roads in the United States and Canada, and the best brains of the organization go all over the suggested change and confer with the Interstate Commerce Commission before any change of any kind is made, so that in the classification you have the judgment of the best accounting brains on the continent. Sir Henry knows that. That is the way it is arrived at; it is not done by rule of thumb, or just saying that you must do it this way. They have gone very thoroughly into what should be charged to this account, and what should be charged to that, and this is their considered opinion.

Mr. KYTE: Do you pursue the same course on your American lines as on your Canadian lines?

Major BELL: Yes, and we follow the United States practice, because our roads are similar to them and we sit in the American Accounting Association and through them reach the Interstate Commerce Commission, although not officially.

Mr. STEWART: Regarding the point raised by Sir Henry Drayton a while ago, regarding the charges to betterment and to maintenance, do you think that over a period of years it might be possible, even with the small leeway there is, to make a statement showing a very greatly increased capital?

Major BELL: Every means that they possibly can use, and every check that they can put on is in effect, and new ideas are coming up all the time; there are improvements every year. They are putting them on so as to have these amounts shown plainly. There is nothing better devised as yet, and so far as they know today this is the very best system, and the National Railways is following that out right through.

Hon. Mr. GRAHAM: The C.P.R. adopt the same system, do they not?

Major BELL: Yes.

Mr. COOPER: The only expenditure that can be charged to expenses must be less than \$100.

Sir HENRY DRAYTON: In connection with this very matter of maintenance, how many miles of service do you expect a freight car to give before it has to be shopped? What is your experience?

Mr. HENRY: Offhand, I do not think I could answer that. It depends a good deal on the type of equipment.

Sir HENRY DRAYTON: But you have to average up the whole thing.

Major BELL: It depends very largely on the roadbed, too.

Mr. HENRY: There are a good many factors entering into it.

The CHAIRMAN: What is the average, do you know, Sir Henry?

Sir HENRY DRAYTON: It used to be about 800. Is it not perfectly true that the ratio of car repairs ought to correspond to your ratio of car mileage?

Mr. HENRY: It ought to bear some relation.

Sir HENRY DRAYTON: And it bears a fairly definite relation.