

Sir HENRY THORNTON: Yes.

Mr. FAIRWEATHER: (Reading) "Total Financial Requirements." That is simply a summation of the above, less resources, excluding eastern lines. The details are on page 10.

Hon. Mr. STEVEN: Estimated?

Mr. FAIRWEATHER: (Reading) "Estimated. Deficit Eastern Lines, excluding interest on H. & S.W. Ry., first mortgage bonds." The details are also on page 10.

Mr. GEARY: Just shortly, how do you make your estimates, by relation to the previous year, by computation and so on?

Sir HENRY THORNTON: We put down what we think is an estimate of the gross earnings of the year, and estimate the expenses, having regard to the figures of the previous year. That gives us the net earnings and then we make the usual deductions from net income, and that gives the income applicable to this particular item. In making that estimate we must be very conservative. We must be quite sure that the amount available will be fully as large as we estimate; in fact it generally is more.

Mr. GEARY: How do you hit it, as a rule?

Sir HENRY THORNTON: You mean, how did that work out last year? Mr. Cooper knows that.

Mr. GEARY: How close did you come to your estimate last year?

Mr. COOPER: In the 1928 budget we estimated \$41,814,919, whereas the actual amount was \$49,319,343.

Sir HENRY THORNTON: Of course this also involves very largely the crop. We had a much larger crop than we estimated upon.

Mr. GEARY: In the season?

Sir HENRY THORNTON: In the season, and it is a pretty dangerous thing to estimate upon, because so much depends upon the crop. For instance, nobody can estimate to-day with any certainty what the crop is going to be, consequently the estimate has to be very conservative.

Mr. GEARY: You make an estimate then add something to that?

Sir HENRY THORNTON: We make what we regard as a fairly safe estimate, and under these circumstances the actual results are invariably better than the estimate.

Mr. FAIRWEATHER: (Reading) "Decrease account operation Maritime Freight Rates Act 1927." That is an estimate, showing the net figure on resources.

Mr. GEARY: Wait until I get that figure. First of all, you show a deficit on eastern lines, do you not, of \$4,000,000.

Mr. FAIRWEATHER: Yes.

Mr. GEARY: Then you show decreases in the Maritimes; that is the twenty per cent?

Mr. FAIRWEATHER: Exactly.

Mr. GEARY: Where do you take that, as coming back?

Mr. FAIRWEATHER: Look down at the bottom, and you will see it again. (Reading) "Deficits in net income."

"Net Financial Requirements." That is a subtraction of the two items.

"General Additions and Betterments." You will find a classification of that by lines, on page 11, and following that a classification by engineering, classifications on pages 12 and 13, and by operating regions on the succeeding pages.