

Mr. JACKMAN: What is the purpose of the budget?

Hon. Mr. HOWE: To forecast the position of the railway, the operating position at the end of the year.

Mr. JACKMAN: And to some extent to guide the management accordingly?

Hon. Mr. HOWE: I do not think it guides the management; the management is guided by circumstances from day to day. They run the railway as economically as possible and prepare to handle the business they see in sight.

Mr. JACKMAN: In other words any change in the budget is on the increase or decrease in operating revenue. It will have very little if anything to do with the amount spent. That is, apart from the fact that we have to spend more money if we do more business. It would not curtail to any extent any expenditures from now on despite the fact that there is quite a change in the situation due to the increase in operating income for the first six months of the year.

Mr. HUNGERFORD: Oh, yes; the operating expenditures are adjusted to the flow of traffic all the time, every month. The main objective, of course, is to keep expenses as low as possible at all times. The situation is reviewed about the middle of one month for the succeeding month and the budget is made up for that month, when it comes through for approval at headquarters; so if there has been a downward trend in traffic our expenditures are immediately cut down as far as it is possible to do. It is quite true that when there is a decrease in traffic you do not have to run as many trains and there is a decrease to that extent, but it carries with it the obligation to reduce as far as possible the expenditures in every direction, maintenance of equipment and tracks and all that sort of thing; and that is under constant consideration and adjustment all the time.

The CHAIRMAN: Gentlemen, the committee at present is practically at a standstill. We cannot get any further except by way of motion, as far as I can see. That is the position of the chair anyway. If there is no motion we will proceed to something else. If there is a motion we will deal with it.

Mr. HARRIS: I will put a motion to this effect. I would move that the management in co-operation with the Minister of Transport in giving consideration to the views of this committee be asked to reduce the estimate referred to by the order to a lower figure in view of six months' experience.

Hon. Mr. HOWE: I think the motion should be that the directors be asked to consider that the gross revenues will reach a certain figure. Would you name that figure?

Mr. HARRIS: I am not competent, Mr. Chairman, to name a figure other than one based on the experience they have given us that they have a 29 per cent increase where they anticipated a 22 per cent increase. Whatever relation that difference bears to the figure for the next six month period.

Mr. DONNELLY: Do you not anticipate a great reduction in the normal revenue from the movement of wheat this year?

Mr. HUNGERFORD: I do expect some.

Mr. DONNELLY: You anticipate a reduction?

Mr. HUNGERFORD: I do.

Mr. DONNELLY: Because as I understand it there are only about a hundred million bushels of wheat in storage. Most of our wheat is going to be stored on the farms and not going to be able to move at all until sometime in May or April of next year. I do not see where you are going to get your ordinary revenue from the movement of wheat this year.

The CHAIRMAN: Let us get this motion straightened out. Have I a seconder for the motion?