

the last two or three months or so, I took it that you were getting down to some sort of a committee to which Mr. Vaughan would have to report, if possible, before the contracts were let.

Sir HENRY THORNTON: Of course, the problems in a large enterprise such as the Canadian National Railways, which is scattered over a wide territory, are to provide safeguards which ought to be provided without resulting in expenses and delay, and sometimes losing favourable contracts. For instance, a coal operator may come into Mr. Vaughan's office and by closing with him immediately he could get a price on coal which perhaps, if he held off ten days, he would not get.

The CHAIRMAN: Any contract of that character could always be subject to ratification.

Sir HENRY THORNTON: I am only giving you an instance.

The CHAIRMAN: I think we understand pretty well just what the system has been in the past. The object in asking you gentlemen here is this: is there any objection to this Committee making a recommendation which would include not only capital expenditure under section 2, by-law 18, but current expenditure for substantial contracts.

Sir HENRY THORNTON: Well, I would personally not only favour that, I certainly would not object to it.

Hon. Mr. CHAPLIN: How often does the payroll come?

Sir HENRY THORNTON: Twice a month.

The CHAIRMAN: In certain cases once a week, is it not?

Mr. GRANT: No, I do not think we have a weekly payroll.

Hon. Mr. MANION: Might it not be too much work to put on one committee? Should it not be possible for another committee of the directorate to handle it?

The CHAIRMAN: That is a question of procedure; the principle is what we want.

Sir HENRY THORNTON: The finance committee probably has more time at its disposal; it is more readily available and could deal with the matter with more facility than another committee. If you appointed another committee then they would all have to be—

The CHAIRMAN: Sir Henry has expressed agreement with the principle. What do you say about it, Mr. Hungerford? Would it militate against the efficient operation of the railways?

Mr. HUNGERFORD: You are speaking now, Mr. Chairman, with respect to the purchasing contract?

The CHAIRMAN: Yes.

Mr. HUNGERFORD: No, I do not think there will be any objection to it, excepting there should be a reasonable minimum limit.

The CHAIRMAN: I agree with you, of course.

Mr. HUNGERFORD: That was the basis of the discussion before the board a short time ago, at which Mr. Vaughan was present, and explained in great detail the methods, and some of the difficulties of the situation. Twenty-five thousand dollars would be the minimum, and it was understood and agreed that a test of that would be made to see how it worked.

Sir HENRY THORNTON: We started, Mr. Chairman, originally with \$5,000, but that involved such an enormous number of contracts, and such a tremendous detail, that the directors decided themselves that they would start off with \$25,000 to see how it worked.

The CHAIRMAN: It seemed a reasonable minimum.