

large contracts other than, we will say, ordinary routine such as payroll. Before making any recommendation of that character, Mr. Chaplin thought—and I think perhaps other members of the Committee joined in that view—that we should hear from you and Mr. Grant and Mr. Hungerford your views as to the extension of the principle covered by Section 2 of this By-law to cover not only capital requirements but current requirements—all expenditures.

Sir HENRY THORNTON: I quite understand, and your recital of the situation is entirely correct. From a purely legal point of view, the functions of the Finance Committee relate exclusively to what has been described in the By-law and the order in council, namely, capital expenditures, the allocation thereof, and the raising of those moneys; but, as a matter of fact, that has been somewhat and automatically extended in that we have discussed at the meetings of the Finance Committee the expense situation currently because, necessarily, that had a repercussion—an unavoidable repercussion on the capital situation; that is, the money which is available, for instance, for meeting the interest on the funded debt in the hands of the public has got to be made up by appropriations from the Government; and by common consent—not any particular policy—but by common consent, and because it turned out to be a useful thing to do, there have been discussed at the meetings of the Finance Committee matters which are technically beyond the scope of the order in council and the By-laws. I think Mr. Smart will bear me out in that. Now, when you come to the question of contracts for supplies, large contracts covering such matters as rail, coal and oil and things of that sort which run into a great many hundreds of thousands of dollars, the board of directors recently discussed the whole question and they felt, and I fully agreed with them as chairman of the company, that they should be posted with respect to what these orders were, the price, maybe, and who got them, and all those things which would naturally fall within the activities of the board of directors.

The CHAIRMAN: How long since was that suggestion made?

Sir HENRY THORNTON: That came into being—was approved at the last meeting of the board, or the meeting before last.

Mr. DUFF: Was that before or after the contract was made?

Sir HENRY THORNTON: I am going to explain what happened. The first thought of the board was that all prospective contracts, exceeding \$5,000, should be reported to the board, but when we came to examine that we found that it involved such a large number of contracts, so much work, that the board decided they would take the thing rather piecemeal and see how it worked out. Accordingly, a resolution was passed that the purchasing agent should report to the executive committee that contracts for a sum larger than \$25,000—

Mr. DUFF: That is, proposed contracts?

Sir HENRY THORNTON: Proposed contracts. You can correct me, Col. Smart, if I am wrong because I am speaking from memory and I have not the resolutions before me, although I think I am not far from the truth—all prospective contracts, exceeding \$25,000, should, if possible, be reported to the Executive Committee for their approval, but, if, in the interests of the company, as sometimes happens, it was necessary, in the interests of economy also, to close a contract for a larger sum than \$25,000, that that was within the province of the president, and the vice-president in charge of purchases, but the facts should be reported at the next meeting which would be, at most, only a few days away, to the Executive Committee for their examination. So that the Executive Committee has set up machinery which, in their judgment, safeguards that situation, and we were going to try that for a month or so to see how it worked—to see whether or not it reduced delay or proved expensive, or whether it proved practicable. And that is what the Executive Committee and the board of directors are now working on.