

#### 6. *Canadian National (West Indies) Service.*

Your Committee have had under consideration Item No. 315 in the estimates, relating to the loans to the Canadian National (West Indies) Steamships, Limited, to be applied in payment of deficits in operations of the Company and of the vessels under the Company's control, during the year ending December 31, 1932, and interest requirements, which amounts to \$820,000 as compared with \$755,000 for the year 1931.

The year ending December 31, 1930, resulted in an operating loss of \$523,136.98, while the operating loss for 1931 was \$446,568.53, which is slightly above the amount of the subsidy previously paid to an independent Company by the Government for a much inferior service. Your Committee are in agreement with the principle that this Steamship service is a matter of treaty obligation and should be continued, but your Committee are of opinion that the utmost vigilance should be exercised by officials directing and in charge of this Steamship line so that, if possible, the cost of operation to the Dominion should be reduced to a minimum, consistent with efficiency, and at the earliest possible moment turned into an operating profit. The service performed by this line on both routes is an excellent one and should be constantly brought to the attention of the Canadian people whenever and wherever possible with a view to their patronizing the service.

With respect to the traffic originating in the British West Indies, served by the ships your Committee are of opinion that every effort should be made to induce the residents and commercial interests in such Colonies to patronize the service thus made possible for them at so great an expense by the Canadian people, to the fullest possible extent.

#### 7. *Expense Accounts of Officials.*

Your Committee have had under consideration the question of expense accounts of executive and other officers of the Company. After fully considering the matter, your Committee desire to record their belief that there should be a much stricter supervision of all expense accounts, and before payment they should be supported by vouchers and that other necessary evidence of payment should be presented to a properly constituted Committee of Directors set up for the purpose of examining and passing on same and that payment of all such expense accounts, whether submitted by the President, executive heads or all other officials should be strictly limited to business purposes and that with respect to Company entertainment accounts, only those authorized by the same separate and controlling body should be approved. Last year your Committee made a strong recommendation in reference to this matter and reiterate what was then said, especially in relation to such matters as Club dues, entertainments and donations. A system of control similar to that in vogue in the best regulated industrial houses, finance and other institutions is required, and your Committee earnestly recommend that the Board of Directors forthwith put in effect such effective control as is necessary in the premises. The subject-matter is one that cannot be effectively dealt with by a Parliamentary Committee but the principle involved is an important one, and in the opinion of your Committee the best qualified body to deal with the matter is the Board of Directors.

These recommendations should apply specifically to all officers of the Company irrespective of their rank or station.

#### 8. *Audit.*

According to the evidence submitted to your Committee on a previous occasion it has been shewn that the Government employs a reputable firm of Chartered Accountants to make a running audit of the railway operations.