

go into that. It is always very difficult to get governmental business out of a rut. For instance, in 1920, I had an outside auditor make the first capital audit of the department. At that time the Auditor General was largely engaged in auditing disbursements. But the extraordinary thing is that although that was the first audit, so honestly had things been done that practically nothing wrong was found.

Mr. ROBB: December 1, 1921.

Sir HENRY DRAYTON: Yes. That was the first outside audit ever made. It was a thorough audit by a most competent auditor. The changes then put into effect had regard to the interior economy and also to the form of balance sheet for it was then that I had the accounts recast and an ordinary balance sheet prepared. The changes also covered the case my hon. friend refers to in connection with the theft of interest coupons of one of the New York loans. I think he will say it was covered pretty well. There is no longer any likelihood of the slightest danger in the future from that source. Then came the question of some irregularities in the Currency branch. Drastic changes were put into effect there, and at present I think the matter is being pretty well looked after.

Item agreed to.

Commission for payment of interest on public debt, purchase of sinking funds, auditing, \$110,000.

The CHAIRMAN: The discussion has really been upon this item.

Mr. GARLAND (Bow River): To whom is the commission for payment of interest on the public debt paid?

Mr. ROBB: The Bank of Montreal. It is the government's official agent and I think it has an arrangement to pay the other banks whatever expenses they may incur.

Mr. GARLAND (Bow River): What is the reduction due to?

Mr. ROBB: The amount required for payment to Bank of Montreal for services as financial agents in London at a rate of £150 per million of debt \$50,400.22. Amount required for commission to Bank of Montreal, New York, for cashing interest coupons at one-eighth of one per cent. Charges for registration of bonds domiciled in New York, also fee as registrar of the 5 per cent 1942-52 loan in New York, estimated, \$25,000. Amount required to pay commission to Bank of Montreal, for purchase of sinking funds, estimated, \$10,000. Amount required to pay commission to banks for cashing inter-

[Sir Henry Drayton.]

est coupons on renewal loans at three-sixteenths of one per cent, estimated, \$20,000. Auditing, say, \$4,599.78.

Sir HENRY DRAYTON: I thought the rate was always one-eighth of one per cent. Where is the three-sixteenths paid?

Mr. ROBB: It is required to pay commission to the bank for cashing interest coupons on renewal loans.

Sir HENRY DRAYTON: Why should not that be one-eighth? It looks to me a little higher rate than we used to pay.

Mr. ROBB: Here is the memorandum I have on that:

When the war loans and victory loans were issued, the commission paid to the banks included charges for their services in connection with flotation of the loans and also for cashing coupons until the loan matured. These charges were as follows:

War Loans	Commission
1915-1925.. . . . .	$\frac{1}{4}$ of 1 per cent
1916-1931.. . . . .	$\frac{1}{2}$ of 1 per cent
1917-1937.. . . . .	$\frac{9}{20}$ of 1 per cent
Victory Loans	Commission
1917.. . . . .	$\frac{1}{4}$ of 1 per cent
1918.. . . . .	$\frac{1}{2}$ of 1 per cent
1919.. . . . .	$\frac{1}{4}$ of 1 per cent

When the victory loans matured in 1922 and 1923, the banks demanded payment for their services in connection with cashing interest coupons of the renewal loans. After negotiations it was agreed that the commission payable should be at the rate of three-sixteenths of 1 per cent.

The Department of Finance held that payment at the rate of one-eighth of 1 per cent would be fair. Commission at this rate is paid the Bank of Montreal, New York, for cashing Dominion of Canada coupons. The banks, however, submitted that, since the work involved redemption at over 4,000 points in Canada instead of at one office, this rate was unduly low and demanded one-quarter of 1 per cent. The agreement of November, 1923, provided for a compromise at three-sixteenths of 1 per cent.

The rates paid the Bank of Montreal, New York and London, for similar services are:

Bank of Montreal, New York—	
Cashing Grand Trunk Pacific coupons.. . . . .	$\frac{1}{4}$ of 1 per cent
Cashing Dominion of Canada coupons.. . . . .	$\frac{1}{8}$ of 1 per cent
Redemption of bonds.. . . . .	$\frac{1}{16}$ of 1 per cent
Issuing of bonds.. . . . .	$\frac{1}{16}$ of 1 per cent
Bank of Montreal, London—	
Cashing Grand Trunk Pacific coupons.. . . . .	$\frac{1}{4}$ of 1 per cent

Item agreed to.

To provide for temporary clerical work in connection with the transfer and registration of bonds, etc., and the flotation of loans, and authority for these purposes to employ a temporary staff, fix their rates of remuneration and otherwise wholly regulate their services, without reference to and notwithstanding anything contained in the Civil Service Act; and also to pay additional remuneration to any employee engaged in connection with the flotation and redemption of loans for work done outside of prescribed hours, at such rates as the Treasury board may approve, \$110,000.

Mr. GARLAND (Bow River): How many employees are paid out of this vote?