

Prior to 1938, the fee paid George A. Touche and Company for audit of the above mentioned accounts was \$50,000 per year. Commencing in the year 1938, the fee was increased to \$51,800 by reason of the inclusion of the Trans-Canada Air Lines and the Canadian National Railways Securities Trust. In 1946 the fee was increased to \$55,000 per year, principally due to the increased work imposed upon the auditors as a result of the substantial growth of the Trans-Canada Air Lines. The fee is fixed by the Governor in Council.

In addition to this fee the auditors are compensated for disbursements in certain cases, such as those made for travelling for audit purposes and at hotels on such occasions, at all audit points, except the city of Montreal, and also for special disbursements made in the preparation of extra copies of reports, in both English and French, to Parliament as required by the government. These expenditures average about \$4,500 per annum. The fee and disbursements are paid by the Canadian National Railway Company and Canadian National (West Indies) Steamships, Limited, in such amounts and at such times as approved by the directors of the railway company and steamship company.

Since the inception of the Canadian National Railway System in 1923 George A. Touche and Company have been the auditors, with the exception of the year 1935 when Clarkson, Gordon, Dilworth, Guilfoyle and Nash of the city of Toronto were the appointed auditors. Prior to the formation of the Canadian National Railway system in 1923 George A. Touche and Company were the auditors of the Canadian Northern Railway Company.

The Canadian National Railway system comprises a large number of subsidiary companies and operates railways and other facilities in Canada and the United States. For this reason it is necessary to have accounting firms to do the auditing with connections in the United States. Also, owing to the diversified operations of the Canadian National Railways, it is considered necessary to have experienced auditors. The firm of George A. Touche and Company have the connections in Canada and abroad, and by reason of their long association with Canadian National Railways' accounts, have the experience, and it is considered good business for the railway to have a continuous audit made by the same firm.

Hon. Mr. Roebuck: It is proposed to use the same auditors as were used last year?

Hon. Mr. Robertson: Yes.

Hon. Mr. Moraud: Is it a Canadian or an English firm?

Hon. Mr. Robertson: I believe it is a Canadian firm.

Hon. Mr. Haig: No, it is an English firm. Its headquarters are in London under Mr. Touche. There are partners located in Montreal, Toronto and Winnipeg.

The motion was agreed to, and the bill was read the second time.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Thursday, February 3, the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Farquhar for an address in reply thereto.

Hon. F. W. Gershaw: Honourable senators, may I first of all congratulate the mover and seconder of the Address upon their eloquence and the subject-matter of their speeches. I should also like to extend my humble welcome to the newly appointed senators. Although they have certain responsibilities to carry out, like their predecessors, they will find in this chamber a spirit of good will and good fellowship which I am sure they will appreciate.

Some Hon. Senators: Hear, hear.

Hon. Mr. Gershaw: Honourable senators, I wish to take advantage of the latitude extended to speakers in this debate to refer briefly to three subjects, none of which, perhaps, is closely related to the subject-matter of the Address.

May I say that those engaged in the livestock industry are grateful to the Canadian government for the action it took in their behalf during the past year? Ranching is now carried on in a much more scientific manner than in the days of the open ranges, but the stock-raising industry is still subject to periods of depression and disaster. Storms may destroy whole herds of cattle, food may be in short supply, and prices may vary widely. But 1948 will long be remembered as the year when the embargo against our cattle entering the United States was removed, and when the prices for fat cattle reached and exceeded the twenty-cent mark.

When it became known that the embargo had been removed, cattle cars came into Alberta from Chicago, St. Paul, and from as far south as Los Angeles. Buyers appeared at the feed lots and the ranches in great numbers. The Americans were anxious to get our fat cattle, our stockers and feeders. When it was learned that cars might be in short supply and that some of the cattle might not reach the market, the old method of trailing them across the prairies was adopted. At one place close to where I live some 800