

*Canadian National Railways*

[Translation]

**Mr. Rondeau:** Mr. Chairman, following several remarks on the part of the parliamentary secretary to the Minister of Finance (Mr. Benson), concerning the appointment of new auditors for the C.N.R., to my mind he has not been very clear yet. I should like to get more particulars, if possible, as to the actual reasons for such a change every time a new government is elected.

In the case of a company, there is no question of having a new auditor every year or every four years. The president may change, but the auditor does not, except for special reasons.

Just because the government changes, it does not follow that the auditor should. Presidents as well as directors of companies are replaced, but auditors are not unless there are very serious reasons.

That is the reason of my request to the parliamentary secretary to the Minister of Finance.

[Text]

**Mr. Benson:** Mr. Chairman, in answer to the hon. member I would say that the auditors of the C.N.R. are appointed annually as is the case in most commercial firms. The appointment comes up annually and in the case of the C.N.R. the parliament of Canada has the right of appointment and may choose the auditors to be appointed.

**Mr. Nowlan:** Mr. Chairman, could I ask the parliamentary secretary to the Minister of Finance if it is not correct that the auditors were changed during the last five years? One firm was changed to another. Is this not in keeping with the practice which has been followed during the years that the C.N.R. has been coming before parliament?

**Mr. Benson:** In answer I would say that the auditing of the C.N.R. has changed, as I indicated earlier, and this is simply a change that has taken place.

**Mr. Nowlan:** Mr. de Lalanne is being changed for another firm.

**Mr. Martineau:** Mr. Chairman, can the parliamentary secretary state whether the minister or the government received representations by members of the firm or other persons in favour of the appointment of this firm as auditors of the C.N.R.?

**Mr. Benson:** Not to my knowledge, and I think I can assure the house that there was no approach by the particular firm.

**Mr. Martineau:** I said by the particular firm or other persons.

**Mr. Nowlan:** There was none.

**Mr. Benson:** I really do not know about other persons but I would say this particular firm did not approach the government.

**Mr. Fisher:** Mr. Chairman, I am surprised at the reticence on the part of the parliamentary secretary to the Minister of Finance. I think most of us know what the problem was with Mr. de Lalanne. Obviously he was a percentage man. He was not carrying out the audit. He was hardly in a position even to supervise it. He was contracting it out and it was an unsatisfactory arrangement. It was quite obvious it was unsatisfactory to anybody who saw Mr. de Lalanne's performance before the sessional committee that deals with this matter, and I think that the government should be congratulated on changing the auditor.

The only question in my mind is why the government did not give McDonald, Currie and Company, who have developed experience, the opportunity to discuss whether they would be willing to take on the job. It seems to me they are a firm of such size and scope that if they were given the contract there would be no question of this business of dithering back and forth on the basis of whether the Grits were in the swing or the Conservatives were in the swing. If the hon. gentleman really wants to know the main reason, that is it. If he thinks I am wrong I would ask him to go back and look at the evidence before the sessional committee, not so much last year but the year before and the year before that. If he does he will see how unsatisfactory it is to have someone as auditor appear before a parliamentary committee who has really not been intimately in touch with the audit which has been carried out by another organization entirely. I think the parliamentary secretary will have to agree with my analysis and I cannot see why he has to be so circumspect.

**Mr. Monteith:** Just before the parliamentary secretary replies, may I say that the remark of the hon. member for Port Arthur that the previous auditor was a percentage man is completely unwarranted. True, he may have had other assistance in respect of completing the audit of the C.N.R., but I certainly believe that remark is completely unwarranted.

**Mr. Benson:** I also rise simply to say that I have no reason to agree with the statement of the hon. member for Port Arthur. In my statement to the house there was no question of the professional competence of the present auditors of the C.N.R., McDonald, Currie and Company. They are auditors of the C.N.R. subject to approval in the railway financing bill which is coming before the house. There is no question of the professional competence of Mr. de Lalanne, who is a chartered