

*Government Orders*

Maybe I was a little sensitive but the implications of their remarks as I heard them was that one firm would be following the other around doing exactly the same thing and doubling the cost to the institution of the auditing. That is not being fair to the chartered accountants.

Do you think they would be so dumb that they would simply follow the trail started by one firm, do exactly the same thing and it would be double the cost? I am sure there would be some increase. With two firms doing the work, sharing the work, there would have to be some consultation as to which would be the lead auditor and which would be the second. A plan would be developed, but they would not be chasing each other around doing the same work. There would not be double the cost.

The other argument I heard this morning on Bill C-4, again from both members, was that with two there they might make a mistake. They might both overlook one critical element of the investigation. Again, we are talking about professionals doing this. They are looking at the work, looking at what has to be done. They plan it. Even one auditor sits down and plans the work before the work is ever started.

They would plan how they were going to proceed with the audit, how they were going to be doing it during the year and share the load. They would make sure that nothing was overlooked. It is always possible, but it is more likely to be overlooked if there is only one firm on the job than if there were two. Two of them looking at it and looking at the whole picture and deciding how to share it are more likely to do total coverage of everything that has to be done than one who just might be in a hurry and might overlook something.

I think it is important with the projected growth in the individual banks in Canada that they not look to one auditor to be the auditor for any one bank. It puts an awful load on any of the existing Canadian firms to take on total responsibility for one of, say, the major five. There would be a tendency for that firm to specialize, if you like, in that area. Although the same firm is not supposed to deal with competitors in business, there would be a tendency for that firm to have some involvement in the audit of more than one bank which would mean that firm then would be totally dependent or very dependent upon that one aspect of business in our

country which is not good for the firm and not good for the bank.

It is good that they have two different firms now and good that the five among them would be having other firms involved as well so that nobody is sort of following a route from year to year without having other experiences to draw on.

It is good for the firms to have that variety of experience. It is good for the banks and good for Canada as a whole in supporting its banking system and being proud of the record of its banks in Canada with respect to failures and non-failures. It is good that they have had this system of two auditors.

As I have said, Judge Estey recommends that it be continued and I think the least we can do in the House is insist that it be continued at least for the larger banks.

**The Acting Speaker (Mr. DeBlois):** Is the House ready for the question?

**An hon. member:** There is no minister in the House.

**Mr. Pat Sobeski (Cambridge):** Mr. Speaker, I was just reviewing my notes on this particular amendment when it was before the finance committee. I supported the member for Nickel Belt in voting to have two auditors.

The point I would like to make was that the representation we had from the Canadian Bankers' Association basically made a couple of points that it was not any more expensive to maintain a two auditor system versus a one auditor system.

Also, the point was raised that by having two auditors, because there is a requirement that there be a rotation for those banks that have two auditors, it was often easy to switch one auditor and still have some consistency with the other auditor, whereas if it went to one auditor you would lose that consistency.

The president of the Canadian Bankers' Association also pointed out that the two auditor system is the subject of some study abroad and it appears that other international jurisdictions may be adopting a two auditor system when Canada is going to a one auditor system.

I thought I should rise in my place to indicate that previously I had supported the member for Nickel Belt in keeping the two auditor system. I think it is fair for me