

Touche and Company, surely they should be given at least the time that auditors are given under the Bank Act.

The minister has stated, and I think quite honestly, that these auditors are satisfactory. Let us see what the minister thought about changing auditors when this matter was first discussed, back in 1933, at the time of the Canadian National-Canadian Pacific bill. The minister's remarks will be found at page 4083 of Hansard for that year. The hon. member for Muskoka-Ontario (Mr. McGibbon) urged that year and again the next year that the auditors should be changed from time to time, and the Minister of Railways had this to say:

Mr. Manion: While I agree that if there is any reason for changing auditors, it should be done, at the same time my hon. friend should remember that the auditing of the Canadian National Railways' accounts is a huge job which requires special training and the following of a complicated set of rules. The auditing requires very elaborate work on the part of the particular firm that is doing the auditing, and unless there is good reason for a change, I do not think it would be wise for any government to change the auditors every year. The new auditors would have to learn the very complicated and elaborate system of accounting which is used, and I do not think a yearly change would be practicable.

Mr. MANION: Hear, hear, I still think that.

Mr. GRAY: Mr. Arthurs interrupted, saying:

You might trade with the Canadian Pacific every other year.

Mr. Manion: My hon. friend mentions the Canadian Pacific. I do not think the Canadian Pacific or any other big company changes its auditors yearly. I agree that if there were any reason for the change it could be made, and that is why it is proposed that the auditors shall be appointed annually, to give an opportunity for making the change if necessary.

Yet this government, if we are to accept the Prime Minister's theory, have changed them after one year, as far as the government appointment is concerned.

I agree that if there were any reason for the change it could be made, and that it is why it is proposed that the auditors shall be appointed annually, to give an opportunity for making the change if necessary.

And I ask the minister to note these words of his:

I think however it would be better to retain the same auditors so long as they were satisfactory.

"So long as they were satisfactory." Will the minister state to-day that Touche and Company are not satisfactory?

Mr. MANION: No, but I hope the new appointees may be more satisfactory.

Mr. GRAY: Then let us see what the minister had to say when this matter came up for consideration in 1934, as reported at page 845 of Hansard:

It has been decided, after a good deal of consideration, that the auditors who have been doing the work for a good many years—I do not know exactly how long, but eight or ten years at any rate—are so well trained in the work and are so capable that it would be wise to appoint them at least for this year. I am informed by the railway people themselves that it would take quite a long time for any group of auditors to learn the method of auditing such an immense system of books and accounts as are contained in this vast business. For example, I am told that there are no other chartered accountants in Canada who are familiar with the interstate commerce commission's type of accounting and the accounting of the Canadian National Railways is carried on under the same rules as those of the interstate commerce commission for the railways of the United States.

Mr. MANION: Was not that the same discussion as the other?

Mr. GRAY: No, this was last year.

Mr. MANION: Then we must have appointed them two years in succession.

Mr. HANBURY: You were consistent for one year.

Mr. MANION: That is more than you are.

Mr. GRAY: Let me go back. In 1932-33 we were merely discussing the Canadian National-Canadian Pacific bill. February, 1934, was the first time the bill was brought in by the minister under the act.

The Clarkson firm is one of the oldest in Toronto; its reputation is well known, but after inquiry the minister found that Touche and Company were the only auditors capable of performing the audit under the interstate commerce commission method of auditing. The minister so stated on the floor of the house, and we must ask the minister now what has brought about this change during the months that have passed since he made that statement in 1934. Is it part of the changing policy of the government? The minister said:

If it be true, as I am informed, that there are no other companies of chartered accountants in Canada who are familiar with that type of auditing, it would probably take many months for a new company to assume charge of the auditing and become familiar with it. Therefore, after a good deal of consideration, we felt that it would be wise, at any rate for this year, to appoint George A. Touche and Company, and I intend to move that the name