

C.N.R.—Auditors

but since that method was found to be cumbersome many years ago, provision for a bill was adopted. The same firm of auditors is being appointed this year with the approval of parliament. They are George A. Touche and Company of Montreal and Toronto.

Mr. Church: Is there any reason why the Auditor General could not act in connection with this work? The Auditor General has made very extensive improvements in the public service, and has given value for the money that it has cost. I fail to see, in the reports of the company which has been doing the auditing for some years past, any recommendations for the improvement of the services, land services, hotel services, ocean services, and all the rest of the services.

We had a big accident yesterday in the Don valley on the C.N.R. line. We had another one in my constituency last June where cattle were rolling all around. I think we should go into this question. The district which I represent and the surrounding area, the Niagara district and the Toronto district, have not been getting a fair share of the equipment. The head office never should have been established in Montreal. I think that the auditors should be changed every five or ten years. I believe that the Auditor General could do far better work than is being done at the present time.

Mr. Chevrier: There are a number of reasons why it is preferable to have an independent firm of auditors to do this work rather than the Auditor General. I do not want to go into the question at any length because we had quite a lengthy debate on the matter in 1947. The main reason is that a continuous audit is required. In order to be effective it must be one which does not cease. The staff which is assigned to this work ranges anywhere from forty to fifty. Then because of the operations of the Canadian National Railways, which has a large number of subsidiaries, and because some of those units are in the United States in places such as Duluth, St. Albans and Detroit, it would not be practical for the Auditor General to do the work. He would only have to employ agents, and he would use the people whom the firm of George A. Touche are already using in the United States. Then again the Auditor General must disclose publicly his report of the audit he makes, and if that were done in the case of the Canadian National Railways it would give to its competitors information which normally those competitors should not get. It is true that the audit report is referred to the committee on railways and shipping, and one can get there any information that is required. For these

[Mr. Chevrier.]

reasons it has been considered, and I think wisely so, that a private firm of auditors such as this one would do a better job than the Auditor General.

Mr. Graydon: In what year were George A. Touche and Company appointed auditors for the Canadian National Railways; and who were the auditors before and how long did they hold that position?

Mr. Chevrier: The firm of George A. Touche and Company were appointed auditors in 1923, when the Canadian National railway system was established. They have continued to act ever since, except for the year 1935, when the firm of Clarkson, Gordon, Dilworth were appointed.

Mr. Graydon: For just one year?

Mr. Chevrier: Yes; but the firm of George A. Touche and Company did the auditing work of some of the predecessor companies of the Canadian National Railways, such as the Grand Trunk and other companies.

Mr. Graydon: What is the total cost of the audit?

Mr. Chevrier: The fee is \$55,000 per year, which includes the cost of auditing the books of T.C.A. and the Canadian National securities trust.

Mr. Graydon: That covers the salaries and so on of all those identified with the company in that work?

Mr. Chevrier: That is right.

Mr. Stewart (Winnipeg North): The minister said this audit required the continuous work of some forty or fifty people throughout the year, and as I understood him he said the audit fee was \$55,000. It seems to me a rather extraordinary juxtaposition of circumstances that forty to fifty clerks should be employed throughout the year in a continuous audit and the cost should be only \$55,000. Is the minister quite sure of his information?

Mr. Chevrier: Yes, but perhaps I did not explain that sufficiently. I was trying to reply to the suggestion of the hon. member for Broadview that it would be better if the Auditor General were to do this work. In my reply I stated that the staff employed on the work by the auditors ranged between forty and fifty, but they do not have those forty or fifty continuously on this work. While it is a continuous audit it is not necessary to have forty or fifty people on it continuously, but that number is employed on the audit at certain times of the year, particularly when the report is in preparation.

Mr. Stewart (Winnipeg North): Has the minister inquired of the Auditor General as