

Canadian National Railways

Mr. Deputy Speaker: I am informed that there is a precedent, dating back to 1912 or 1913, where the procedure which is now proposed by the Secretary of State was followed.

Mr. Nowlan: It was a good government then.

Mr. Knowles: The Secretary of State was not here then.

Mr. Deputy Speaker: Shall the bill stand as agreed?

Some hon. Members: Agreed.

CANADIAN NATIONAL RAILWAYS

APPOINTMENT OF AUDITORS

Hon. J. W. Pickersgill (for the Minister of Transport) moved the second reading of Bill No. C-121, respecting the appointment of auditors for national railways.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Lamoureux in the chair.

On clause 1—*Auditors*.

[*Translation*]

Mr. Gregoire: Mr. Chairman, with regard to section 1, I would have a few questions to direct to the Minister of Transport (Mr. McLraith). Since he is not here and since the Secretary of State (Mr. Pickersgill) is indicating that he is replacing him, I will put my questions to him.

First, who were the C.N.R. auditors before those we are appointing now and second, until what time did the previous auditors assume those functions?

[*Text*]

Mr. Pickersgill: I think the parliamentary secretary to the Minister of Finance is better informed than I.

Mr. Benson: I could perhaps explain this briefly. As I understand the situation, from the inception of independent auditors for the C.N.R.—I believe it was about 1923—to the early 'thirties, George A. Touche and Company were auditors of this firm. Then in the early 'thirties, at the time when the Right Hon. R. B. Bennett was elected prime minister, Clarkson, Gordon and Company were nominated as auditors of the Canadian National.

When a Liberal government was re-elected a few years later the audit was then reverted to George A. Touche and Company and they carried on until, I believe, 1958 at which time a Mr. J. A. de Lalanne was appointed as auditor to Canadian National Railways. This continued until last year. Now, Mr. de Lalanne was a partner in the firm of McDonald, Currie and Company, and last year

the audit was put in the name it is now in, in the C.N.R. finance bill which is to come before the house, appointing the auditors for last year when the audit was transferred to McDonald, Currie and Company.

This bill is simply to revert the audit to the auditors who have been auditors of the C.N.R. for the entire period it has had public accountants as auditors, except for two brief periods.

[*Translation*]

Mr. Gregoire: I would like to ask the parliamentary secretary to the Minister of Finance if the former accountants and auditors are being replaced because their services were not satisfactory.

[*Text*]

Mr. Benson: I think that the government has decided that the firm which has done the audit of the C.N.R. during most of the period it has had independent auditors is quite well qualified to carry on with the job. I would not like to imply political patronage at any time in this entire operation of the C.N.R. Nevertheless, the firm of George A. Touche and Company have always been the auditors of the C.N.R., except for the two brief periods I mentioned, and it is the belief of the government that the audit should revert to the firm that has traditionally done the auditing.

Mr. Fairweather: Mr. Chairman, I want to ask—

[*Translation*]

Mr. Gregoire: Mr. Chairman, I would have another question to direct to the parliamentary secretary to the Minister of Finance—

The Chairman: Order. I recognized the hon. member for Royal (Mr. Fairweather). I shall recognize the hon. member for Lapointe next.

[*Text*]

Mr. Fairweather: I want to ask the parliamentary secretary whether he would not agree that this is the Enterprise post office formula on a larger scale?

Mr. Benson: I think it is not nearly as near the Enterprise post office formula as was the appointment made in 1958.

[*Translation*]

Mr. Gregoire: Mr. Chairman, auditors are appointed here to the C.N.R. This is therefore, among others, quite an important function concerning the control of the C.N.R.

Now, when looking over the list of the C.N.R. board of directors, one finds that among the president and 17 vice presidents, there is only one French Canadian. On this