

recorded as loans to the Commission instead of budgetary expenditures as had formerly been the case. Mr. Bryce referred to that this morning when we were discussing the recording of these advances to corporations and, as you know, the policy has since been extended by the government to include loans to the Canadian Broadcasting Corporation and, in a somewhat slightly different context, to Expo '67. I do not think I have anything more to add to that.

The committee is on record, as I mention here, of asking the Department of Finance to review the existing practice with the National Capital Commission with a view to placing the financing of the Commission on a more realistic basis. Whether that review has taken place or is going to take place, is something he will probably want to speak to you about.

Mr. BRYCE: I believe the results of our review were reflected in what I said this morning.

Mr. MUIR (*Lisgar*): Are we given to understand then, Mr. Bryce, that there will be no change in your accounting as far as these organizations are concerned?

Mr. BALLARD: In other words, Mr. Chairman, they will not consider the recommendation of this committee?

Mr. BRYCE: The government has not changed its practice as a result of that. These are determined by the Treasury Board and put to Parliament in the estimates.

The CHAIRMAN: We discussed this subject this morning, Mr. Ballard, and there is a difference of opinion as to whether they should be treated as grants or loans. The Auditor General has his recommendations on this; the Department of Finance think differently. The committee will have to weigh the pros and cons and persuade the House to think along the same lines as we do on it, if we come to a decision concerning the matter.

Mr. BALLARD: I would like to hear the Auditor General's opinion with regard to how this should be handled.

The CHAIRMAN: He gave it this morning, but I am sure he will be glad to give another brief outline on it.

Mr. HENDERSON: I do not know in what depth you wish me to repeat the testimony of this morning. I could give the highlights for the benefit of Mr. Ballard and perhaps some of the other gentlemen.

We might refer back for a moment to paragraph 55 of the 1965 Report which had to do with the method of financing capital expenditures of the Canadian Broadcasting Corporation. In this paragraph I describe the change in the method of financing which had taken place in the year, that is the financing of the capital expenditures of this corporation; that is to say, instead of being voted in the House as a budgetary expenditure, it changed over and loaned the money. As a result of this change, it was necessary for me to advise the House, as is stated in this paragraph, that the annual statement of expenditure and revenue of Canada was not prepared on a basis consistent with that of the preceding year, and the consequence of this was that the resultant over-all deficit of approximately \$38 million shown on that statement was understated to the extent of the amount involved, namely \$14½ million.