

EVIDENCE

(Recorded and transcribed by electronic apparatus)

THURSDAY, June 16, 1966.

● (11.07 a.m.)

The CHAIRMAN: Gentlemen, I see a quorum.

We welcome before the Public Accounts Committee this morning, as witnesses, members of the Department of Finance, Mr. Balls, Comptroller of the Treasury, and Mr. Bryce, the Deputy Minister of Finance.

Before proceeding with items related to the Finance Department I would like to table the answers to questions which we asked of the Deputy Minister of National Revenue when he appeared before the Committee. I herewith table those answers.

Mr. FORBES: Will these be appended to the report?

The CHAIRMAN: Yes, Mr. Forbes.

The Auditor General's Report 1965, page 27, paragraph 55: As soon as you have located that we will ask Mr. Henderson for an introduction, and then we will ask Mr. Bryce to follow Mr. Henderson.

55. *Effect of change in method of financing capital expenditures of the Canadian Broadcasting Corporation.* Paragraph 187 in the Crown Corporations section of this Report includes comments regarding the operations of the Canadian Broadcasting Corporation.

As required by section 35(1) of the Broadcasting Act, 1958, c.22, the Canadian Broadcasting Corporation submits a capital budget and an operating budget for each financial year for approval by the Governor in Council on the recommendation of the responsible Minister and the Minister of Finance. Each year, from the proclamation of the Act until March 31, 1964, funds to meet each of these budgets have been provided by two separate grants under Appropriation Acts, both charged to budgetary expenditure.

The funds required by the Corporation to meet its capital expenditure during the year ended March 31, 1965 were provided by means of loans from the Government instead of grants. The relative vote of Appropriation Act No. 10, 1964 provided for:

Loans to the Canadian Broadcasting Corporation for the purpose of capital expenditures, subject to terms and conditions prescribed by the Governor in Council—\$14,250,000.

These loans, repayable by the Corporation in equal annual instalments over the next twenty years, with interest payable at rates of $5\frac{1}{4}\%$ and $5\frac{1}{8}\%$ per annum, are included in "Loans to and investments in Crown corporations" appearing as an asset item on the Statement of Assets and Liabilities of Canada (see paragraph 149). As a consequence, the Statement of Expenditure and Revenue of Canada was not prepared on a basis consistent with that of the preceding