

- (a) The introduction of the nomenclature "Due to Canada" this year on the balance sheet was at the request of the Auditor General. It is understood that this term is being followed by all government departments to describe return of unused federal grants;
- (b) This year's significant increase respecting "Programs Completed and in Process of Production" and "Prepaid Rent, Insurance and Other Items" which are mainly attributable to Centennial programming. Mr. Davies noted that many programs in inventory are planned for early Fall scheduling. Consequently to keep within the authorized working capital, it may be necessary to sell the Canada bonds now held by the Corporation;
- (c) The effect the small \$40,000 1966/67 refundable balance of the operating grant had on establishing the financial base for 1967/68 operations;
- (d) The lay off of staff following the conclusion of Expo and Centennial operations;
- (e) The difficulty encountered by the divisions and regions in finalizing the 1967/68 budgets so as not to exceed targets. The English network division, despite efforts to increase revenue, may not be able to keep within its budget without resorting to reductions in program production;
- (f) Effect on this year's operations of unforeseen expenditures not anticipated last Fall such as the application of Bill C-126, imposition of Federal and Provincial sales taxes, increased tempo of Expo caused by greater use of IBC facilities;
- (g) The necessity of Management to impose stringent controls to ensure that the current year's operations are kept within budget;
- (h) The pros and cons of opening CBC news programs for sponsorship at this time;
- (i) Increase in overtime salary payments for 1966/67 compared with the last five years. The Committee noted the reasons for this increase as stated on page 52 of the report and emphasized that Management should ensure that this practice is not abused. For comparative purposes, the Committee requested Management (for the next meeting) to see if the percentage of total salaries paid in overtime on U.S. networks and the proportion of money paid by U.S. networks to that paid by the CBC "for hours not worked" could be secured.
- (j) Increase in production supplies due in part to the practice of departments retaining their own supplies as opposed to centralized stockrooms. Checks made by Internal Audit of inventories reveal no great shortages due to pilferage;
- (k) This year's increase in prepaid film rights over last year. A study is under way by the Corporate Director of Films to determine ways of reducing prepayments to effect reductions in the latter part of the current year;
- (l) 1966/67 total capital expenditures amounted to 99.5% of the budget. Improvements to coverage followed the trend reported throughout the year and ended at a rate of spending of 77.6% of the approved budget;
- (m) Continuing progress with respect to capital assets control. CBC control compares favourably with other large organizations;