

wrong. I think perhaps we could take a look at the compromised statement as suggested and see whether it does give us the information which Parliament requires.

Mr. BALLS: I was going to make two points in partial answer to what Mr. Thomas has said and also in regard to Mr. Muir's comments.

I would like to refer to section 63(2) of the Financial Administration Act which says:

Subject to regulations of the Treasury Board, the Minister—
and this refers to the Minister of Finance

—shall cause accounts to be kept to show such of the assets and direct and contingent liabilities of Canada, and may establish such reserves with respect to the assets and liabilities, as, in his opinion are required to give a true and fair view of the financial position of Canada.

Mr. HENDERSON: Might I just interject here to point out—

Mr. BALLS: May I continue, Mr. Chairman?

The CHAIRMAN: You may continue and then Mr. Henderson will follow.

Mr. BALLS: May I further point out that when Mr. Bryce was speaking before this committee in 1964, he indicated that not the following year, but at some subsequent time he would hope that we would be able to put before this committee a considered statement in regard to how the assets and liabilities of Canada should be shown.

I can say on this that we have given very considerable study to this. It is not an easy problem by any means. We could cover many aspects of the asset and liability presentation that have not been discussed today; for example, the question of deferred charges, how to deal with equity in crown corporations, prepaid expenses, and loans such as we have been discussing. There are many problems involved and we have been giving a great deal of consideration to this. I hope that possibly next year, we can put forward something to this committee which will carry the support of the Minister. This was a previous commitment given to the committee; we have it very much in mind, and we hope to be able to produce this.

Mr. HENDERSON: Regarding section 63(1) which Mr. Balls quoted, that the Minister shall cause accounts to be kept and so on, as in his opinion are required to give a true and fair view of the financial position, I would point out that in the following paragraph it says that that statement has to be certified by me as to whether it fairly presents that type of a position. This is why I have to say to you that I do not think it does present a true and fair view. One of the basic responsibilities of an auditor is to bring these points to attention.

Now, respecting the other point about the study, let me say to you that no one is more ready than my officers and I to sit down and devote all our energies to discussing a matter like this with officials of the department. I have made two efforts to do this which have not produced any results. This is the first indication I have had that such a study is actually under way. I suggest that if something like that could be done, I would be only too happy to follow Mr. Muir's suggestion to see if, in fact, a more effective presentation could not be devised. At the moment it is difficult to see how, with the description attached