

whether Parliament originally intended that Canada should purchase securities of the Corporation.

Since then Expo's development has been financed exclusively by loans made by the Federal government. These had totalled \$22 million by December 31, 1965, in respect of which Expo had issued notes payable to the Receiver General of Canada. These advances had been treated by the Department of Finance as assets.

Appropriation Act No. 2, 1966, which Parliament passed on March 9, 1966, authorized the purchase of these securities by the Minister of Finance to the extent of \$80 million.

In the 1966-67 estimates, which were tabled on February 14, this year, the government requested authority for a further \$110 million for the purchase, acquisition and holding by the Minister of Finance of additional securities to be issued by the Corporation under the Federal Act. As members know these estimates have not yet passed.

The point made here is, again, that these loans do not constitute assets. As is explained, Expo's total requirement, by way of grants was \$117,620,000 based on the figure existing six months ago when this report was issued. The estimate has since been increased to over \$143 million, as evidenced by an order in council on March 31, 1966, details of which are given by Expo in its annual report recently published.

Consequently, unless these grants are provided, this total requirement—that is to say, the new figure of \$143 million less the \$40 million already granted by the legislation—will have been financed by loans, and Expo will not only be burdened with the cost of servicing these loans, which carry current rates of interest, but at the end of the exhibition will not have the cash resources necessary to pay the indebtedness.

The figure of \$143 million odd consists of the anticipated deficit from the exhibition, which has been placed at \$82 million, plus the asset values estimated to be remaining at the close of the exhibition; and these are estimated at slightly over \$60 million. If it is to be assumed that these asset values are going to be realized in full—that is to say, that they will get one hundred cents on the dollar—then there will be only the deficit to be accounted for; that is to say, the \$82,600,000.

Since Canada contributed 50 per cent of the grants in the past, presumably it may be called upon to contribute 50 per cent in the future, which would mean that its liability, so far as the deficit is concerned, would amount to \$41,300,000 on the basis of the figures which we are using. If the \$20 million already paid is deducted it leaves a potential liability of \$21,300,000 for Canada to pick up, based on the present forward estimating.

This percentage basis on which the grants were made, namely 50 per cent by Canada, 37.5 per cent by Quebec and 12.5 per cent by Montreal, was not established by the federal Act, but was spelled out in an agreement executed January 18, 1963, by the three participants, Canada, Quebec and Montreal.

I might mention at this point that both my joint auditor, Mr. Tremblay, the provincial auditor of Quebec, and I—who are the joint auditors of this Corporation—have been recommending to its management over the past several years that they review this agreement for the purpose of tidying up, or clarifying, a