

side with no capital expenditures.—A. The grants under section 14 (3) and (4) are funds put at the disposal of the corporation for their general purposes. They are not loans; they are not to be repaid.

Q. Are they gifts?—A. They are income.

Hon. Mr. ROWE: Could you not call them gifts?

Mr. APPLEWHAITE: I was told that they are available for capital expenditures if the C.B.C. so wishes.

The WITNESS: Yes.

*By Mr. Harkness:*

Q. Would not some of this \$6 million for engineering be actual capital expenditure? I do not see any capital expenditure anywhere else and there is no doubt that the C.B.C. did put money into the building of television stations in that year, so some of that money must have been for capital engineering.

Mr. BALLS: This is a statement of income and expenditure representing on the income side moneys which have been received by the corporation from all sources for these purposes during the year; while on the expenditure side it records the expenditures which have been made for the operation and maintenance of the activities of the C.B.C. This is, I think, quite comparable to a statement of income and expenditure of any other commercial corporation. If a private corporation had an excess of income over expenditures on operating account, then the excess would in that case also be available for capital expansion. That is, in essence, what the C.B.C. is showing in this case.

Mr. HARKNESS: Where does their expenditure for capital purposes appear? I do not see it here at all.

Mr. BALLS: It would be reflected in the difference between the amount shown at the end of the preceding year as spent on these capital assets, and the amount shown at the end of this year. In other words, the amount by which the capital assets of the corporation as shown in the balance sheet was increased during the year, taking into account any amount in connection with depreciation. You will find in schedule A on page 48 of volume II of the public accounts, a listing of the capital assets of the corporation up to March 31, 1955, and the amount given is \$20,646,244. If you compared these figures with the amounts at the end of the preceding fiscal year, I think you would find that the C.B.C. reported an increase.

Mr. HARKNESS: Have you got that figure?

Mr. BALLS: I am sorry but I have not got the preceding year's Public Accounts before me.

*By Mr. McLeod:*

Q. Some of us are interested in operating costs and what it has cost the people of Canada to provide this service to them. I would eliminate these grants from income; whereupon we see that the total income exclusive of the grants from the government, which I understand come from taxes on equipment sold—that it would leave an income of \$7,015,841. And that you might put down to operating expense; and in that I have eliminated the loan items, interest on loan, amortization of improvements and so on; and we have an operating cost of \$28,425,422. In other words it cost us that amount of money to provide the service; and on income from services the profit was a little over \$7 million. So we find that the operating loss is actually \$21,409,581; that is what has to be provided by way of this tax income, and that is all. There are no further grants, and the people of Canada have to pay almost \$21 million to provide this service. Am I right?—A. We are dealing now with the accounts of the C.B.C. Parliament has provided them with a certain source of income and other sources of income are shown. Your arithmetic is quite correct.