

this will be reflected when they are presented to Parliament, a special kind of loan. As I think we suggested, and as Mr. Henderson pointed out, there are loans where you may have some reasonable hope of repayment, but there are other cases of loans where there is not too much reason to expect repayment.

Of course, with regard to the C.B.C. it might well be, since it is now alleged to have lost one of its most valuable assets—a program about which we do not want to introduce any discussion here—that its opportunities for repayment may be even less than they were before.

I just offer this as a suggestion. Is this a feasible idea, that you could introduce a special category of loan so that it would not necessarily show in the Public Accounts of the country as a possible realizable asset?

Mr. HENDERSON: I think, Mr. Baldwin, you are perhaps thinking back on the Oromocto case, where there is a possibility of something coming, perhaps, in the years ahead, depending on the extent to which private money is invested in that town. I think Mr. Bryce covered that in his letter, and we will be making a reference to it today. However, in the case of the loan to the C.B.C., it is rather, if I may use the expression, like making a loan to your wife and calling it an asset. She cannot pay it back unless you give her the money to pay it back. This is precisely the situation we have here. As you will see, they charge interest on the loan. They take that into the revenue of the country, which, of course, is another item to which I must take exception; and, moreover, when they give the operating grant to the corporation they have been including sufficient money in that to help repay the loan—in the operating grant. That raises a point which interests us very much in terms of the present wording of the Broadcasting Act which differentiates between capital and income.

The merit of what they do is, of course, very clear. When you make a loan like this it has the effect of excluding it from budgetary expenditures, and consequently, as I have had to point out—as any auditor would point out—the deficit in this case was understated.

It is a requirement, as you know, from your experience with the Crown corporations and the Financial Administration Act that inconsistency in treatment such as this between the years requires a statement from the auditor.

It is perfectly true, however, as Mr. Bryce says, that notwithstanding the fact that this Committee, in the case of the National Capital Commission, made a recommendation supporting my views, the House of Commons acted differently. You have a situation in that respect whereby the government not only is not accepting a recommendation of this Committee, which it made in 1964, concerning the National Capital Commission loan, but is deliberately extending the practice which you condemned two years ago.

With all due respect to the members of the Committee, I suggest to you that perhaps when the estimates regarding making loans were before the Committee of Supply in the House not all of the members would have thought back on the precise wording of the 1964 report of this Committee. I am sure, had they done so, they would have spoken.

That brings up another question, and that is the amount of consideration that is brought to the estimates, something on which I know everyone present has views.