

Mr. SELLAR: Yes, the directors declare the dividends. At least, no—the directors each hold one share. As you know, there is a transfer in the hands of the minister with respect to that share. The Minister of Defence Production holds all the other shares. I suppose the Minister of Defence Production attends the annual meeting—or anyway it is arranged there will be a dividend declared in a certain amount that year. It is declared in the formal manner required by the Canadian Companies Act.

Mr. LAMBERT: In other words, Polymer is as close to being an independent commercial corporation as you could possibly get.

Mr. SELLAR: Yes, it is intended to be as such.

13. Section 84 of the Income Tax Act requires those Crown corporations listed in Schedule D to the Financial Administration Act to pay corporation tax. The payments made or to be made by six of the “proprietary” corporations were estimated to amount to \$10,600,000, including \$970,000 by Central Mortgage and Housing Corporation. The profits of \$1,017,000 surrendered to the Receiver General by this Corporation, as noted in paragraph 10 above, were after providing for this tax.

Mr. BELL (*Carleton*): In connection with corporation tax you mentioned today the Canadian farm loan board; do you have the figures of the amount of income tax paid by this board in recent fiscal periods. I know it is in their own report.

Mr. SELLAR: In their last report they show as provision for income tax something like \$15,700 and about \$10,000 already paid.

14. It will be observed that there is a decrease of over \$23 million in interest earnings on loans to national governments in each of the last two fiscal years when compared with 1955-56. Interest deferments on the 1946 loan to the United Kingdom is the main reason. This loan agreement provides that, in certain circumstances, the United Kingdom may defer an interest payment and it has twice done so. An amendment, ratified by c. 37, Statutes 1957, First Session, now limits to seven the number of deferments between 1957 and the year 2000, and fixes a 2% interest charge on amounts deferred. Because of this amendment, \$445,000 of interest was received on deferred interest account during the last fiscal year.

The CHAIRMAN: We discussed paragraph 14 earlier.

Agreed to.

The CHAIRMAN: Paragraph 15 is next.

15. The decrease of \$4,000,000 in interest on other investments, deposits, etc., in the year is mainly accounted for by a decrease of \$3,800,000 in Security Investment Account earnings, which amounted to \$5,200,000 in 1956-57 but to only \$1,400,000 in the year under review.

The CHAIRMAN: I have two questions: first, to what loans are the sinking funds connected; and second, what are the banking arrangements referred to in paragraph 15?

Mr. SELLAR: The sinking fund loans are all in connection with the Newfoundland loans. At the time Newfoundland entered Canada, the government of Canada took over the liability, which was approximately \$51 million. In turn, the province turned over the sinking fund associated with those loans. They mature in 1963. We hold in the sinking fund today—they are all sterling loans—the equivalent of \$14 million. In addition \$19 million is held