

This observation of mine here in regard to the C.B.C., as well as Expo, has attracted the attention of prominent members of the Canadian Institute of Chartered Accountants who, I can say unreservedly, have expressed their agreement with the point of view that I had placed before the House.

I would suggest now that perhaps we might refer to the financing of Expo, because it is not dissimilar.

The CHAIRMAN: All right.

Mr. HENDERSON: This is paragraph 57. This note explains how Expo completed drawing down, during the year 1965. Its total grants of \$40 million of which \$20 million was paid by Canada under section 11 of the federal Act.

57. *Financing of the 1967 World Exhibition.* Paragraph 189 in the Crown Corporations section of this Report includes comments on the operations of the Canadian Corporation for the 1967 World Exhibition during the past year.

As explained in that paragraph, the existing legislation provides that grants provided by Canada, the Province of Quebec and the City of Montreal must not exceed \$20 million, \$15 million and \$5 million, respectively, a total of \$40 million. The federal contribution is limited to \$20 million under section 11 of the Canadian Corporation for the 1967 World Exhibition Act.

The present revised overall plan approved by Canada and the Province of Quebec, as provided for under section 10 of the Act, estimates total costs of \$250,704,000 for the Exhibition with revenues, salvage and asset recoveries estimated at \$189,123,000. As this forward estimate indicates a net cost or deficit of \$61,581,000 at the close of the Exhibition, after allowing an estimated \$56,039,000 for the value of the assets remaining at that time, it follows that the Corporation's total requirement by way of grants is \$117,620,000 based on present estimates. Because of the limits imposed by the present legislation of Canada and the Province of Quebec as to the amount of the grants which may be made to the Corporation, changes will be required in this legislation before these additional substantial grants may be made. Unless these additional grants are provided, this total requirement (less \$40,000,000 already granted) will have been financed by loans and the Corporation will be burdened with the cost of additional interest and at the conclusion of the Fair will not have the cash resources necessary for payment of the indebtedness.

In addition to the federal contribution of \$20 million to the Corporation, subsection (5) of section 12 of this Act provides for temporary borrowings from the federal Government but the aggregate of all amounts loaned under this subsection and outstanding at any time shall not exceed \$1 million.

Subsections (1) to (4) of section 12 of the federal Act make provision for the Corporation to issue securities guaranteed by Canada and Quebec. Following the close of the year, the Corporation made arrangements to issue such securities and Canada proposes to purchase and hold them to the extent of \$80 million, as evidenced by Department of Finance Vote L26b of Supplementary Estimates (B) which were submitted to the House on June 22, 1965. Although this vote was not passed by Parliament before it recessed on June 30, 1965, seven-twelfths of the amount was approved by Appropriation Act No. 6, 1965 assented to on that date.

The restrictive sections of the Canadian Corporation of the 1967 World Exhibition Act, namely sections 11 and 12 outlined above, cause us to question