

assets of the corporation held in the form of cash and bonds would have been reduced by an amount equivalent to the increase in their physical assets.

Mr. APPLEWHAITE: Is it fair to say that they are showing an operating surplus which is composed of parliamentary or statutory grants which can be used for capital purposes?

Mr. BALLS: I think that is a correct statement.

*By Mr. Leduc (Jacques-Cartier-Lasalle):*

Q. Is the word "income" not synonymous with "receipts"?

Mr. BALLS: Under section 14 (3) and (4) parliament has provided certain funds to the C.B.C. for the general purposes of the corporation, and when it prepares its annual budget, the C.B.C., like other crown corporations indicates what it proposes to expend on capital during the course of the year and also the source of the funds which it will be spending on capital.

Many crown corporations will use such surplus funds for capital expansion, and that is true of any corporation which may invest its earnings in additional capital. The amount of \$6½ million is the annual grant for sound broadcasting, while the \$21,400,000 is the revenue from the 15 per cent tax on radio and television sets and tubes, and so on. Those are funds the corporation may use for both general and capital purposes.

The CHAIRMAN: I think for the record I ought to draw your attention, Mr. Taylor, to the fact that the statement on page 47 of volume II is only a statement of income and expenditures and not an operating profit statement. As Mr. Applewhaite mentioned in the question which he asked about the \$4 million; Mr. Applewhaite asked whether the \$4 million was included in the operating profits. This statement does not show any operating profit. It is just a statement of income and expenditure from all sources, not only from operations but also from grants. They are distinguished there.

The WITNESS: Yes.

*By Mr. Leduc (Jacques-Cartier-Lasalle):*

Q. Is not the word "income" there synonymous with the "revenues"? Should it not be excess of receipts over expenditures, and only receipts are included, grants from the government?

The CHAIRMAN: I think that is so.

The WITNESS: If in that year they had drawn down a loan as such for that \$19 million, that would not be included in income; that would be regarded as borrowing.

Mr. LEDUC (*Jacques-Cartier-Lasalle*): It is not a revenue and expenditure account; it is just a receipt and expenditure account, showing what the C.B.C. is receiving in money and grants together; it is not an operating surplus; it should be called "excess over expenditures" instead of "income over expenditures".

The CHAIRMAN: That is the point!

*By Mr. Applewhaite:*

Q. Is that \$6 million odd an engineering expenditure? Is that on operating or is it part of capital?—A. I presume it is operating. On page 45 we have the Auditor General's statements that he believes these accounts are all in order. It is included in the Auditor General's certificate.

Q. I am not suggesting that they are not in order. I am trying to get it clear in my mind what they mean. Do they mean that the \$6 million is for engineering or for operating? Then we have shown on the income side moneys available for capital expenditure, and you have it on the expenditures