

liabilities, with costs of capital works being charged to expenditures at the time of acquisition or construction.

This is the explanation given by the department and it continues to be placed by it on its annual statement of assets and liabilities.

I should tell the members that I have made several enquiries of the department and also of the Treasury Board about the underlying reasons for this change, but to date I have not received any.

That is the only comment I would have on that one, Mr. Chairman.

The CHAIRMAN: Mr. Bryce, would you like to make an observation at this point.

Mr. R. B. BRYCE (*Deputy Minister of Finance*): Thank you, Mr. Chairman.

I think that what is at issue here is a policy that has been adopted by the Treasury Board and the government of using loans to finance a number of Crown companies and Crown agencies of a corporate nature where, for reasons of administration and management, or in order better to disclose the costs being incurred in the operation of such corporations or agencies, and, we feel, in order better to disclose to Parliament what certain operations are costing, the government finances such corporations or agencies by loans rather than by capital grants.

I explained the reasoning behind this at considerable length in 1964. The discussion is to be found at pages 760 to 769. I made a lengthy statement. I do not think it is necessary to recapitulate. It centered at that time on the grants to the National Capital Commission where really the same principles were at issue.

The CHAIRMAN: Excuse me, Mr. Bryce. You are referring to the printed copy of the minutes of our Public Accounts Committee.

Mr. BRYCE: Yes, the minutes.

The CHAIRMAN: The minutes of our meeting.

Mr. BRYCE: That is right; the 1964 proceedings of the Committee.

I must recognize that I have not succeeded in convincing the Auditor General that these principles outweigh—

Mr. HENDERSON: May I interject, Mr. Chairman? Nor did you convince the Committee.

Mr. BRYCE: I was going to come to that. I recognize that I have not convinced the Auditor General who feels still, I think—to use his word—this is unrealistic. I also do not think that I convinced the Committee in 1964. On the other hand, the House of Commons has, on several occasions, passed votes based on this principle, and therefore the House itself seems to have accepted it. Whether it has accepted it, having weighed fully the views of the Committee on the matter, is a question for the House and not for me.

I do not really think that there is anything more that is worthwhile adding, Mr. Chairman, at this juncture.

The CHAIRMAN: We will open the discussion. We will bear Mr. Baldwin, and then Mr. Muir.

Mr. BALDWIN: I wonder, Mr. Chairman, if Mr. Bryce has given any thought to the possibility of including, somewhere within the Public Accounts, so that