

*Closing Expo 1967 Corporation*

A number of years ago an Expo Corporation was established by an Act of this Parliament. It was given the power to borrow money under guarantees from the government of Canada. The Corporation was also provided with a \$20 million grant as a contribution from the government of Canada to the 1967 Exhibition. Loans were made and the Expo corporation did borrow money. When these notes came due the guarantee was honoured by the government of Canada and those amounts were entered in the books of the government of Canada as accounts receivable; in other words as assets of the government of Canada.

The Auditor General has taken objection to some of the methods used in handling these accounts. I had occasion to question him when he appeared before the Finance, Trade and Economic Affairs Committee, where this bill was being considered clause by clause, and in answer to my questions he made the following comments:

I can only direct you to the comments made in my last report to the House, where I refer to the recommendation of the Public Accounts Committee in which it stated:

“—and that amendments to the existing legislation be placed before Parliament and the Legislature of Quebec so that the additional grants could be made by the parties concerned, namely, Canada, Quebec and Montreal.

The Committee directed the attention of the House to the fact that unless these additional grants are provided, the Corporation's presently estimated total requirement of \$143 million (less \$40 million already provided by Canada, Quebec and Montreal) will have been financed by loans from Canada and the Corporation will be burdened with the cost of additional interest and at the conclusion of the Exhibition will not have the cash resources necessary for payment of its indebtedness to Canada.

The Auditor General noted that, in fact, an asset was being set up on the books of the government of Canada in the form of an account receivable from a Corporation that had no resources with which to pay that account receivable. He noted this later in further questioning when he said, and I quote from page 36 of the testimony on Monday, November 17:

Mr. Burton, my responsibility in connection with the making of this money in the form of loans was because they were treated as assets, as a balance sheet or a statement that I am required to certify. Do you think it is an asset to show an indebtedness from a corporation that does not have any means with which to discharge that debt, which is called an asset? I think, although it sounds an odd statement to make, that Mr. Bryce and I were kicking this around one day in the

Public Accounts Committee when I described it as an operation which was like lending money to your wife, and then calling it an asset.

The Auditor General also noted that in the past several years loans were authorized by this Parliament to Expo Corporation when they may have been more properly made in the form of grants. I understand that these loans were made before my own tenure in this House. It was considered at that time that a significant portion of the money being lent would never be repaid since Expo Corporation would not have the resources with which to repay it. These amounts would have to be written off eventually by the government of Canada as an investment in this project. Mr. Henderson, in his testimony on Monday, November 17 also noted—I am quoting now from page 35 of the testimony:

It was started out with grants of, as you know, \$20 million in the federal case. The normal or expected way would have been that there would have been an amount of money appropriated each year as you go along. As a result, there would have been an accounting of some kind given to justify it, and it would have appeared in the estimates. It would have appeared in the computation of the budgetary deficit or surplus in those years. To use the expression rather loosely, you would have been paying your way. Now you get the bill in one chunk at the end.

A number of criticisms have been made of the operations of Expo Corporation and some of these matters came under review during the course of the committee's consideration of this bill. It is not my intention to go into these items at the present time since it is expected that the Public Accounts Committee will probably be giving this matter rather more thorough study than was possible before the Finance, Trade and Economic Affairs Committee. At the same time, I think it is proper to note that consideration of the management of Expo finances was a proper matter for consideration of the Finance, Trade and Economic Affairs Committee since the management of those finances, in fact, does relate to the action which we are now being asked to approve. The fact is as well, Mr. Speaker, that some assets created through the Expo project, and as a result of the work of the Expo Corporation, have been taken over by other government agencies. This quite properly might be noted in appropriate fashion.

The question is now: How do we deal with the remainder of the bill? The fact is that it would appear the total contribution of the government of Canada to the work of Expo Corporation will amount to approximately