

As these loans cannot be repaid by the corporation unless it is placed in further funds, the loans do not, in my opinion, constitute an asset and I do not consider they can be properly described as such. I explained that I had made inquiries both in the Department of Finance and the Treasury Board as to the underlying reasons for this, but until I heard the explanation this morning, I have not received any. I am concerned that a change of this type should be made because it is, in my view, a contradiction of the long-standing principle of the Department of Finance itself which is mentioned here in paragraph 167, namely that only realizable or interest- or revenue-producing assets should be offset against the gross liabilities in the statement of assets and liabilities, with costs of capital works being charged to expenditure at the time of acquisition or construction. This is the explanation given and it continues to be placed by the department in its annual statement of assets and liabilities.

The department's view is that their present method is fully supportable, and, notwithstanding the recommendation made by the committee in its 1964 report, the government has continued to actually expand what originated with the National Capital Commission, the CBC and now Expo.

I think I should speak about Expo 67, Mr. Chairman, but perhaps Mr. Bryce would like to say something for the benefit of Mr. Ballard.

Mr. MUIR (*Lisgar*): Before Mr. Bryce makes his statement, it seems to me that Mr. Baldwin made some suggested compromise. He left the committee shortly after you were going to comment on it, Mr. Bryce. Could you do so now?

Mr. BRYCE: Mr. Balls did so after Mr. Baldwin came back. He pointed out that we have included in the Public Accounts a category of loans and investments in crown companies, the recovery of which is dependent upon appropriations. It may be that we ought to word this item a little more clearly to indicate that they are loans to crown companies which are in large part dependent on parliamentary appropriations. I think perhaps we ought to give it a little more prominence because I do not think it has been recognized that this change has been made.

Mr. MUIR (*Lisgar*): You would not suggest putting grants instead of loans in that, would you?

Mr. BRYCE: No sir, because I think that would defeat the purposes we had in mind.

Mr. HENDERSON: I can only say that if recovery of a loan or recovery of an asset is likely to require parliamentary appropriation, then I fail to understand how it can be described as an asset; it seems to me an admission of the very point we are making. Of course, if you give it more prominence, do you contemplate you will give it that prominence right on the statement of assets and liabilities rather than putting it in a subsidiary schedule?

Mr. BRYCE: Quite possibly. I think that is a useful suggestion.

Mr. HENDERSON: Perhaps Mr. Long would like to add something to that.

Mr. LONG: Mr. Bryce, would you not think, if you were giving that prominence, you should also indicate the effect this has had on the deficit for the year which appears on your statement?