

It is primarily with this in mind that we have taken the view that the appropriations which the government makes towards the deficit of the CBC should be realistic in that it includes all operating costs, plus the usage of capital assets; and there is one thing more, which would not be covered by the system suggested by Mr. Henderson, and that is the interest on the capital cost.

We feel that this system provides more specific accountability for the use of these assets—better managerial control. It provides a more accurate statement of the operating costs of the C.B.C. and a more accurate statement of the cost to the government of the annual operation of the C.B.C.

To try to reflect this accurately on the balance sheet, we have taken the step which Mr. Baldwin has suggested. Our statement of assets and liabilities now includes, and has for the last couple of years, a specific category called "Recovery Likely to Require Parliamentary Appropriation", and these loans to the Canadian Broadcasting Corporation and the advances to National Capital Commission are both under this category.

The Minister, in the Budget papers which he tabled at the time of his Budget speech last March, also included a further item for Expo and a further item for Oromocto. These will all be included under categories of this nature when the Public Accounts for this coming year are published.

There is one further point, Mr. Chairman, in regard to the accounting approach on this. May I read a statement which was published by the American Institute of Certified Public Accountants? This has to do with their accounting research and terminology bulletin, edition of 1961. They talk about assets here, and if I may I will read this:

"The word asset is not synonymous with, or limited to, property, but includes also that part of any cost or expense incurred which is properly carried forward upon a closing of books at a given date. Consistency with the definition of the balance sheet previously suggests that the term "asset" as used in balance sheets may be defined as follows: Something represented by a debit balance, that is or would be properly carried forward upon a closing of books of account according to the rules and principles of accounting, provided such debit balance is not in effect a negative balance applicable to a liability, on the basis that it represents either a property right or value acquired or an expenditure which has created a property right or is properly applicable to the future. Thus, plants, accounts receivable, inventory, and a deferred charge are all assets in balance sheet classification. The last named, speaking of the deferred charge, is not an asset in the popular sense but if it may be carried forward as a proper charge against future income, then in an accounting sense, and particularly in the balance sheet classification this is an asset."

I suggest to you, Mr. Chairman, that this provides a very close analogy to what we are trying to do. We are carrying forward these costs on our balance sheet so that the true operating costs of the C.B.C. will be reflected in our statement.

Mr. HENDERSON: If I might say, Mr. Chairman, I am familiar with the reference Mr. Balls has made, and I feel I should say to you that not everyone in my profession is in agreement with the interpretation he has placed on it.