



**Legislative Assembly of Manitoba**

**PROCEEDINGS OF THE STANDING COMMITTEE  
ON  
PUBLIC ACCOUNTS**

Chairman

Mr. D. James Walding  
Constituency of St. Vital



10:00 a.m. Wednesday, ~~February 20~~ <sup>MARCH 1</sup>, 1978

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**Time: 10:00 a.m.**

**CHAIRMAN, Mr. D. James Walding (St. Vital)EE MEETI**

**MR. CHAIRMAN:** Order please. We have a quorum, gentlemen, the committee will come to order. Mr. Cherniack.

**MR. CHERNIACK:** Mr. Chairman, may I ask whether the Minister of Finance will be here today.

**MR. CHAIRMAN:** I am informed that the Minister is in Cabinet this morning. He will make every effort to be here this afternoon.

**MR. CHERNIACK:** Because I do recall previous occasions when the Minister of Finance was not present and opposition was rather critical of it. I'm not critical of Mr. Craik but I do recall that there were occasions. I think there was an understanding with Mr. Craik that this morning at the beginning of the meeting he would inform us in regard to the letter, instructions or advice that was given to the Conservative caucus. I wonder if Mr. Minaker sitting in that position can respond to that now.

**MR. MINAKER:** Mr. Chairman, no I can't at the present time.

**MR. CHERNIACK:** Well then possibly, Mr. Chairman, we could raise it when Mr. Craik and I are here at the same time because I won't be here first thing in the afternoon.

**MR. MINAKER:** Mr. Chairman, my understanding is the Minister will try and be here as it is physically possible so there could be a chance he could be in for a few minutes this morning, I don't know.

**MR. CHERNIACK:** Thank you.

**MR. CHAIRMAN:** Mr. Wilson.

**MR. WILSON:** I noted with interest yesterday Mr. Reeves read the resignation of the former First Minister and a fellow that was basically overseeing the grey books, the public accounts, and I wondered is he going to be coming on this committee some time before we get into the grey books or is that resignation permanent.

**MR. CHAIRMAN:** Mr. Cherniack.

**MR. CHERNIACK:** Mr. Chairman, since I filed the letter may I say that Mr. Schreyer is out of the city and could not participate in this meeting. As to whether he is here on future occasions is really none of Mr. Wilson's affair.

**MR. CHAIRMAN:** May we proceed, gentlemen. When we adjourned yesterday we had reached Page 27 in the Report of the Provincial Auditor. Are there any further questions on Page 27? Mr. Ziprick.

**MR. ZIPRICK:** We took as notice . . . Mr. Minaker asked a question on Page 18 dealing with Student loans and bursaries. We've checked and the procedure is that the student loans are obtained from the bank, with Canada guarantees, and then the bursaries are paid to the student. There's no formalized follow-up of any kind to ensure that the guarantee has not been paid by Canada and if it has that some of this money is turned over to Canada. We'll be looking at it a little more closely during the next audit.

**MR. CHAIRMAN:** Mr. Minaker.

**MR. MINAKER:** Mr. Chairman, I believe that that was Mr. Wilson who raised that particular question.

**MR. CHAIRMAN:** Mr. Wilson.

**MR. WILSON:** This was the fact that the Finance Minister had mentioned that it was being handled all by the provincial government and my concern was that if you are giving out the money on one hand that when it came time to pay the deferred bursaries that the money go for the purpose for which it was intended, to assist in the education; that would be, in my opinion, part of the fact that you would be helping to repay the loan.

**MR. CHAIRMAN:** Any further questions on Page 27? Page 27—pass. Page 28. Mr. Blake.

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**MR. BLAKE:** Mr. Chairman, thank you. In connection with the Churchill Pre-Fab Housing Plant I note that the Auditor has made some comments that corrective action is required in connection with commitments that are made by the corporation in excess of funds voted. Is this now in order?

**MR. ZIPRICK:** Yes it is being looked into. The 2.4 million deficit position that was funded and is shown as advances, some of it is being recovered through the renegotiation of contracts and the remainder that won't be recovered will be written off in due course.

**MR. BLAKE:** We were touching on this yesterday, the renegotiating of contracts. These are with the Manitoba Housing and Renewal Corporation or with Central Mortgage and Housing?

**MR. ZIPRICK:** They are with Manitoba Housing and Renewal Corporation but Central Mortgage and Housing Corporation is participating in review because to the extent the contracts are increased it must have their approval before the financing would come from them. So the review is in conjunction with them.

**MR. CHAIRMAN:** Mr. Orchard.

**MR. ORCHARD:** My question, Mr. Chairman, is to the Auditor regarding comments in the Management Committee of Cabinet section. The opening statement, "Over the past number of years we have been recommending that improvements be made in the province's management development and selection system so the key positions could be more readily staffed with qualified managers and other staff at various levels." Now, would you care to . . . Management Committee of Cabinet, it is my understanding, is a relatively high-powered or high-profile portion of management within government. Am I correct there?

**MR. ZIPRICK:** That's right, yes.

**MR. ORCHARD:** And you have indicated improvements in the management development selection system so that key positions could be more readily staffed with qualified managers. Are we in some difficulty with qualified people in Management Committee?

**MR. ZIPRICK:** Well there are always some deficiencies and improvements can be made because that's where efficiencies can be really obtained by having more capable management. Now the Management Committee has been providing substantial training but it was a broad brush affair that was given to anybody who enrolled and participated. We've had some discussions recently and the approach that will be taken will be to identify specific problem areas and zero in more on the problem areas and as a result improve specific problem areas. This was really our concern, that there were a number of problem areas that weren't being really corrected through this overall training basis.

**MR. ORCHARD:** Now by problem areas do you mean problem areas involving specific members of staff within the Management Committee who weren't competent possibly?

**MR. ZIPRICK:** Problem areas in various departments at various levels in the management of the affairs whether it was organization or specific people weren't fully aware of what good management practices are . . . there could be a variety of reasons. But the idea would be to ensure that wherever there appear to be management difficulties that the people managing in those areas are fully aware of good management procedures and that these be implemented and utilized to provide effective management.

**MR. ORCHARD:** Well in view of, running down in the grey book, the schedule of reimbursement in Management Committee of Cabinet, if the wage structure is any indication of the availability of competence surely we should be getting top-notch people at those kind of dollar figures, 32,000, 27,000, 25,000, and there are quite a few of those 20-plus figures in the Management Committee, and an indication that it could be more readily staffed with qualified managers indicates to me that as a taxpayer maybe my dollars are not being properly spent in Management Committee if we're not getting qualified people at those kind of dollars.

**MR. ZIPRICK:** Oh, I see. We're not talking here about Management Committee itself, we're talking about the government operations as a whole, in the training of management for the government as a whole, not Management Committee of Cabinet. As a matter of fact, Management Committee of Cabinet does not manage programs in themselves, they are a control mechanism by and large, much like my office.

**MR. ORCHARD:** I see. I guess the next question I would have about the selection system so the key positions could be more readily staffed with qualified managers . . . Has not the government in the past few years brought qualified people up from within the department who have gone through

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various levels of management within the line departments and gained the necessary experience to become qualified managers or are they bringing in brand new people off the street to take on management positions?

**MR. ZIPRICK:** Well there is a little of both but mainly it is promotion up the ladder and it's done through a selection system and a review system. What we are concerned here is that there probably is a deficiency in documentation of the various people in the supervisory and managerial positions on their past performance. When the evaluations are being made, because there is not a good evaluation and documentation of their past performance, there might not be enough emphasis placed to ensure that the person who is moving up has had a very good record of past performance and it is more on an application and a review of the position as it presents itself at that point. There is really no documentation, to my knowledge, that's being put forward on the basis of past performance.

**MR. ORCHARD:** So then do I interpret your comments and your concerns correctly in part that in order to have the best people within the civil service being advanced to the top management positions we should develop a better rating system, a better examination system to determine how well a civil servant is performing within a given category to give him a better rating between other gentlemen or ladies who would be competing for a similar position, rate them better to assess their performance?

**MR. ZIPRICK:** Well, documentate their performance on an ongoing basis so that when the positions are being filled that this past record of performance can be weighed substantially in determining who moves into the positions.

**MR. ORCHARD:** What sort of criterion would you use then for new people who are . . . let's say new college graduates going into something like Management Committee of Cabinet? How can you give a proper job qualification rating to those people when they have had no job experience and are carrying a university degree in Bachelor of Science, Sociology, or whatever?

**MR. ZIPRICK:** Well they would have to move into a level of supervisory or managerial position that's still subject to substantial scrutiny and would have to develop a record of performance before they should be given responsibility for looking after a substantial program.

**MR. ORCHARD:** And that substantial scrutiny, was that carried out in the past so that we did get good people? Is that part of the reason why your comments are here?

**MR. ZIPRICK:** It's being carried out to a degree but what we would like to see is a more formalized documentation to ensure, because from our experience we have seen situations where people have moved up that it has been proven afterwards that they did not have the experience to carry out the responsibility.

**MR. ORCHARD:** Thank you.

**MR. CHAIRMAN:** Mr. Cherniack.

**MR. CHERNIACK:** Mr. Chairman, in listening to this conversation I still think that my interpretation of the Auditor's Report and Mr. Orchard's are different and I don't think it was clarified. My impression is that the Auditor is talking about staff in all departments and Mr. Orchard thinks we are talking about staff within Management Committee itself. Can we get that clarified quickly?

**MR. ZIPRICK:** Oh yes, there is no doubt. I thought I indicated to Mr. Orchard that this dealt with management placement and skills and developments right across the government for all departments.

**MR. CHERNIACK:** And that I think what this paragraph deals with is the efforts that are being made or should be made by Management Committee to set up a better training system and selection system for all departments.

**MR. ZIPRICK:** That's right.

**MR. CHERNIACK:** Now on that basis the report also indicates that some positive results have been achieved, although it's not fully implemented, and there seems to me to be an indication that there is an effort being made along the lines suggested in previous years, and as evidenced by the fact that there have been occasions where there has been inadequate management capabilities in certain departments. There have been reports which I am not clear on as to management committee's function and some discussion that it's being changed into treasury board or some changes seem indicated in management committee. Now I'd like to make sure whether Mr. Ziprick is able to tell us, as of now, what changes are being made in the management committee structure that might affect

either adversely or positively this program of management development and selection.

**MR. ZIPRICK:** Well to my knowledge there's been no change in this area. The people that have been assigned the responsibility for the training are working on it — I just had discussions with them quite recently and as a matter of fact it's just fairly recently that I've had discussions with the secretary of Management Committee of Cabinet with the idea of reorienting the training process from a broad kind of application to identifying, working together with my office and Management Committee of Cabinet group, identifying the specific problem areas where there are weaknesses and then determining what kind of training or what kind of approach could be taken to improve those specific areas. And through that their training will be directed more into specific problem areas rather than the overall training of everybody who wants to move in and through that system maybe the people who should be getting the training are not necessarily always getting it.

**MR. CHERNIACK:** Mr. Chairman, in the absence of Mr. Craik, may I ask Mr. Minaker if we can get some assurance that there will not be any reduction of staff or effort in this part of the program in the light of the government's announced austerity program.

**MR. MINAKER:** Mr. Chairman, I'm sure that the Mr. Cherniack knows as a former Cabinet Minister that I can't give such assurances as an MLA . . .

**MR. CHERNIACK:** I don't mean right now.

**MR. MINAKER:** But I will convey the information to the Minister this morning or this afternoon and possibly he can maybe even make comment on it.

**MR. CHERNIACK:** I appreciate that, Mr. Chairman. I didn't want to put Mr. Minaker on the spot, I just wanted a formal place to hang my request on and Mr. Minaker accepted.

Well then let me come back to Mr. Ziprick. In the last number of months there have been some firings taking place at the very top level in some departments and the rumoured and I believe expected shock to the morale within the departments consequent upon the manner in which the government has been discharging people even without notice, under those circumstances has Mr. Ziprick assured himself as to the management's capability within the departments at the present time.

**MR. ZIPRICK:** Well as you know we work on a post audit basis in all these areas and whatever is happening now is so recent that I don't have a feel as to whether there are going to be any difficulties or not. It's our next round of audits that would start showing up various weaknesses and difficulties if there are deficiencies in certain areas and that's when we would be zeroing and commenting and saying that weaknesses are showing up, and at that point by trying to assess as to why those weaknesses arise, may be attributable to this, but I am not in a position to say at this point.

**MR. WILSON:** Well I find with interest Mr. Cherniack's comment but I will follow along the way. He says it's a shock to morale; I don't think it's any more shock to morale than the fact that we find out through reading the Auditor's Report and that, that we are not going on the merit system and if you look in the grey book you see about 29 of the people in Management Committee make over \$20,000 a year and six of them make close to 20,000 — 19,000 or over. Just look at the Planning Secretariat and you've got 15 — and you start looking at the morale of the civil service when you've got a group of young fellows in there hired out of the university at that kind of money, we would and should get an evaluation as to whether we are getting value for our money and certainly in some of them which clearly indicate to me that the merit system has been waived and hopefully the former pork barrel of the former government won't be as obvious as it is in some of these particular positions.

I would like to comment that it seems that if you have similar duties, Mr. Ziprick, I wonder if you could comment on the overlapping or duplication that you can see between yourself and Management Committee because I note with interest that you give all your auditors' observations and copies to the Management Committee. Would they be sort of classed as a senior control system, in other words they are examining your work? I wondered because you seem to indicate that there is a certain duplication and are you recommending that employment history records of people currently in the civil service be kept and that those that are willing to take the training courses and the on-the-job training plus their seniority — if for instance this government should engage in the blatant pork barreling of the former government, that you would bring this to the attention in the Auditor's Report because I'm all for the merit system for capable people and I think at these salaries, we can certainly be grabbing people from the private sector. I note with interest a number of them certainly get over \$30,000 a year, a couple of them even get \$41,000 — here a Mr. Wilson Parasiuk got \$40,388, so there is a fairly capable salary being paid for these individuals, so we would hope that the merit system would prevail. My comment and in asking Mr. Ziprick is if he could again just give me some

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indication as the similar duties and sort of elaborate whatever he means here when he says, "however because of weaknesses in the monitoring system, a revised system is being developed which should provide departments and Management Committee with more timely and useful information." I would hope that he would include MLAs of this committee with that type of thought. \$26-06 MR. ZIPRICK: Just to elaborate, no, the Management Committee doesn't audit us, it's the other way around. We audit the Management Committee. Now Management Committee in a number of areas is a form of internal audit and they carry out audits and reviews for the government to see that whatever is expected is being complied and they come up with various observations. What we do is use whatever they come up with and use what work they have done in our evaluation so there is no duplication of effort or it's minimized, so that we don't redo the work. Now we supply our reports to the Management Committee of Cabinet so that when they notice observations in our reports, they then can consult with us and zero in on the specific problem without having to go and do the work all over again to find the problem. So it's a communication system to avoid duplication and maximize both of our efforts to get at whatever problems there are as directly and as quickly as possible and then deal with them.

**MR. GALBRAITH:** Just going back to the Department of Northern Affairs and Mr. Ziprick's general comments, he makes the comment, "We are concerned with department making commitments of approximately \$500,000 at March 31, 1977 in excess of funds voted by the Legislature." He indicates that corrective action is required to ensure that future commitments do not exceed the voted spending authority. At this time I would like to ask what corrective action would you like to see brought forward.

**MR. ZIPRICK:** The officials should be more cognizant of what authority there is and comply with it and steps are being taken to attend to this.

**MR. GALBRAITH:** May I ask a further question. Do you have any idea what that \$500,000 was used for?

**MR. ZIPRICK:** Not at the moment. My assistants here tell me it was for roads.

**MR. PARASIUK:** Mr. Chairman, through you to Mr. Ziprick, could you tell us how our salary levels for the senior civil servants compare with the salary levels in other provinces?

**MR. ZIPRICK:** I have not yet made specific comparisons but in general, as I understand it, they are not any higher.

**MR. PARASIUK:** They tend to be somewhat lower especially compared to a number of other provinces.

I also would like to comment to the Chairman that I don't suffer fools gladly and I think that the comments of one of the people here over the last two days in terms of fishing and I think being wrong on every question he's asked probably indicates the calibre of the judgment of that person when he starts trying to make demeaning comments about civil servants either in Management Committee or Planning Secretariat or anywhere. I think that doesn't help the morale of the civil service at all. I must admit, Mr. Chairman, that we didn't have any bailiffs in our group, we had no thugs in the civil service, we had no cretins either. We had about 12 PhD's, we had people ranging in age from about 63 and under. I would like to pass that on for the information of one of the members here because it might not be able to permeate its thick skull if I say it once. I'll try it again later on if he keeps this line of attack.

**MR. CHAIRMAN:** Do you have a question, Mr. Parasiuk?

**MR. PARASIUK:** No, I can raise comments because other people have made passing comments like that. I had the question relating to the quality of the . . .

**MR. CHERNIACK:** Mr. Chairman, I too am concerned about the way there is a broad brush attack on civil servants generally who earn salaries of over \$20,000 as if that is a disgrace. It seems to me that we are fortunate to have people in the system who work. Now Mr. Wilson referred to pork barreling and that caused me, Mr. Ziprick, to look at the salaries of the Provincial Auditor's office where I find 21 people who earned over \$20,000 a year in that period of whom five were earning over 30,000. Would you accept the designation of pork barreling as it applies to the Provincial Auditor's office?

**MR. ZIPRICK:** No, I wouldn't. As a matter of fact I wouldn't even mind commenting on the broader recruitment procedures. There is a Civil Service Commission and the appointments within the Civil Service Commission that are made are made through a selection system and the appointments are made on that basis. Now we generally review those and are satisfied that the appointments, by and large, the Civil Service Commission appointments are on a merit basis.

**MR. CHERNIACK:** Do you also, Mr. Ziprick, in reviewing salaries paid make sure that they are

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within the categories approved through the process of government up to and including the Estimates procedure, as to staff man years and as to salaries allocated in Estimates?

**MR. ZIPRICK:** Yes, we determine that the salaries paid are as established through the merit process and the appointment as approved by Order in Council or whatever other documentation there is and we ensure that that's the salary paid and that the amounts paid are within the authorized amounts, total amounts approved by the Legislature.

**MR. CHERNIACK:** Thank you, Mr. Chairman.

**MR. WILSON:** I think we're dealing with the Auditor's Report and the Public Accounts and I think that if a particular auditor makes the comment in the Auditor's Report that the key positions should be more readily staffed with qualified managers and other staff at various levels, and I go on the meat of his suggestions and take out of it what I may, I feel that my comments are not dealing with other provinces and I would have expected that from some other people. But if members opposite are going to start using the old game of referring to other provinces, I think it's very important that we and this committee deal with this province and the past expenditures from the last year.

We're talking about a billion dollar budget and if we can save through observations and scrutiny 200 or 300 thousand dollars, or maybe more, then we've done our job and this will allow to fund a number of these needy programs in the core area and some of course in the rural areas.

But again if the member opposite had taken the time to look at my particular historical record that I've asked them to keep on Civil Servants, he would also see that I was a male stenographer. He could also see I was a former member of the union; he would also see a number of other qualifications and a University of Life degree that allows me to sit opposite here and be able to spot some of the inefficiencies and make judgements, correct or incorrect. If I've accomplished something by saving the taxpayers' money then their judgment will have been a sound one.

So really I'm glad I hit a sore spot because no one likes to go down 50 percent in salary and I'm sorry that I mentioned his name. I will withdraw the particular reference to his salary in the past.

**MR. CHAIRMAN:** Mr. Orchard.

**MR. ORCHARD:** One question for Mr. Parasiuk in his comments about the staffing capabilities and PhDs in his reference to the fact they had no thugs and two other categories which eluded me, is he inferring that that is the staffing procedure now? Was that his inference or . . . ?

**MR. CHAIRMAN:** Mr. Parasiuk.

**MR. PARASIUK:** No. Mr. Chairman, I just wouldn't like that to become the staffing procedure, that's all.

**MR. ORCHARD:** Just so long, Mr. Chairman, we don't have that going down as an inference.

**MR. CHAIRMAN:** Mr. Einarson.

**MR. EINARSON:** Well, Mr. Chairman, just for the record since what we're saying here is recorded and I've heard a few comments made on the other side about the morale of the Civil Service, I can go on record and speak particularly on behalf of one department for the past many many months, long before any individuals were fired from the job that they held, that the morale of the Department of Agriculture was low low for a long time, long before anybody was fired by this government or took upon themselves to hand in their resignations.

Having said that, Mr. Chairman, I am wondering, because of the discussions that I've heard here this morning, — and I asked the Auditor, Mr. Ziprick, findings from his department — have the Civil Service Commission sort of been abused in some ways when we talk about hiring competent people? Is this what we're getting at? I'm coming to the crunch of this matter and people are sort of I think skirting around it, I want you to know that we can talk about pork barrelling all we like and use any other kind of terminology, but when we talk about requiring competent people to manage the affairs within government, has the Civil Service been somewhat abused, Mr. Ziprick? I just ask you that and perhaps you may not care to answer.

**MR. ZIPRICK:** No, this is not the observation that we make over here.

**MR. EINARSON:** Okay.

**MR. ZIPRICK:** I've made an observation not this year, the other year, that generally there are very many good managers, so I don't want to give the implication that all managers in the government are not too competent. There are many good managers in the government, but there are places where there can be improvements made and this is the area that we are talking about, the problem areas

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where improvements can be made to upgrade those particular managers and then devise a system of documentation determining their experience so that when they are coming up for promotion to fill positions that there is more on record to indicate their past performance and that's all we're pointing out here.

**MR. EINARSON:** Well, Mr. Chairman, through you to Mr. Ziprick, listening to the discussion in the last little while I just posed that question to make sure that I didn't misunderstand and I thank you for your answer.

**MR. CHAIRMAN:** Mr. Blake.

**MR. BLAKE:** Mr. Chairman, I just want to make a comment and an observation. I think the Auditor, when he makes comments there are times when he makes reference to a specific item that he has observed, and on occasion the comment is one of maybe a general nature which would appear to be one in this case, and I think when he answers the questions on a fairly broad basis that we should take that answer and not get into some of the specifics that we're in here because I don't think it's serving the purpose of the committee to get into the little squabbles that we get into, maybe we can forego some of the feelings for a fight and wait until the House gets into session and we get into some of the Estimates. I know everyone is a little itchy, but I don't think we're really serving the purpose of the committee by some of the discussion that we've had.

The morale of the Civil Service, I think that's something that we'll have to judge in a few months down the road. I think when any government changes there's always an unsettling feeling among the Civil Servants. I don't think it's any more prevalent now than it has been, and in some departments I think maybe morale has improved by the removal of certain individuals. So I hope that maybe we can move along now and get at some of the meat of the Auditor's report, Mr. Chairman.

**MR. CHAIRMAN:** Mr. Miller.

**MR. MILLER:** Mr. Chairman, to follow up what Mr. Blake said, I tend to agree with him and Mr. Ziprick. This section really deals with the whole question of development of training of staff. It can apply to government, it can apply to any large corporation whether it be General Motors or CPR or CNR or what have you, the Royal Bank or anybody. Isn't what you're basically pointing out here is the need, as in every large system, to constantly have staff development and the newest techniques, the most modern methods in order to try to assure a greater quality as people go up the ladder? Isn't that all that you're really talking about?

**MR. ZIPRICK:** That's exactly it, Mr. Miller.

**MR. MILLER:** Isn't this a never ending process and annually you are always going to seek to improve it as new techniques, new requirements develop in years to come. It's the sort of thing where, am I right in saying, you're never going to be satisfied nor should you be satisfied, it can always be improved.

**MR. ZIPRICK:** That's right. This is an area that can always be improved. What we were dealing with here, and I think that we're moving in that direction, is to zero in more training into specific areas and I think that it's on the road to being accomplished.

**MR. MILLER:** And you are agreeing there have been improvements, but you're simply saying there should be even more improvements.

**MR. ZIPRICK:** That's right. And I've pointed out there have been improvements all along and there are a lot of good high quality managers in the Service.

**MR. MILLER:** Thank you very much.

**MR. CHAIRMAN:** Any further questions on Page 28? Page 28—pass; Page 29. Mr. Wilson.

**MR. WILSON:** The very responsibilities of the management committee of Cabinet seem to shine when we get to the Liquor Control Commission because I'd like to know why the Liquor Control Commission possibly adhered to the political request of Mr. Boyce or Mr. Toupin in allowing the moneys from the Liquor Commission — and I'd like an explanation — to go to a particular program — I believe it's \$98,961 — a program that was supposed to take place in my area that I still to this date am not aware of. I'd like some explanation as to what that program was because I noticed the funding from United Way has cut out a similar program, or intending to or looking at it, and I wondered what the purpose — if it was Mr. Boyce — what purpose he had, what services this performed and have we corrected this obviously tinkering with taxpayers' money by either the head of the Liquor Control Commission or the management committee who allowed this to go through?

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**MR. CHAIRMAN:** Mr. Ziprick.

**MR. ZIPRICK:** Yes, there's been an Order in Council passed recently authorizing this expenditure to be taken care of through an appropriation, so it will be transferred into the appropriation and then of course it can be reviewed under that particular appropriation.

**MR. WILSON:** I wonder, were the project workers that were hired, if this was taxpayers' money, were they hired through the Civil Service Commission or were they hired on at the direct request of one of the ministers or how were they hired?

**MR. ZIPRICK:** I can't be too specific, but just going by recollection, I think that they were hired on a contract basis to carry out a function in this area and the Liquor Commission paid them their salaries.

**MR. WILSON:** Will you make an effort to inform this committee or myself what the name of this organization was that the Liquor Commission funded and what type of work they were doing because maybe I've heard of them, but to this date I have no information as to what duties they performed and I can't evaluate as to whether the almost \$100,000 was well spent or not. Was it spent in just the Minister's riding or was it spent in the entire core riding?

**MR. ZIPRICK:** Well, it was, as I understand it, spent in the core area and it was not an organization. This was a project that was carried out by the government in conjunction with the Liquor Control Commission. Now I would not want to go into those kind of specifics just by recollection. I think that if those kind of specifics are required it should be a request that the information be supplied by the Department of Finance.

**MR. WILSON:** All right, I'll write to the Minister in charge of the Liquor Control Commission to get that information. I wondered just rather than waiting for that information to come forward, could the Auditor give me the name of the minister who authorized this program so that I would be able to possibly ask him privately what he was attempting to accomplish?

**MR. CHERNIACK:** You do things privately.

**MR. ZIPRICK:** I don't know. It was paid through the Liquor Commission. I think they'd have to check through the Liquor Commission to see what ministers they were working with, to get the particulars.

**MR. CHAIRMAN:** Mr. Minaker.

**MR. MINAKER:** Well, Mr. Chairman, wouldn't it be technically correct if this committee wanted one of its members or the members to have that information they could do so if they wanted to rather than the individual member having to go to a department? We have that power as a committee, do we not?

**MR. ZIPRICK:** Yes, it's been a common practice that this kind of information be requested from the Department of Finance in this committee and it would be supplied.

**MR. MINAKER:** But by the committee?

**MR. ZIPRICK:** Yes.

**MR. CHAIRMAN:** Mr. Miller.

**MR. MILLER:** It's through the Minister of Finance to the department itself because the Minister of Finance wouldn't know those kind of details either. It's only the department that would have it.

**MR. CHAIRMAN:** Mr. Wilson.

**MR. WILSON:** Well, that concludes my observations. It's just that there's \$100,000 spent and I just want to make sure it was properly spent, and what purpose it was for so I can make my own evaluation.

**MR. CHAIRMAN:** Mr. Orchard.

**MR. ORCHARD:** Mr. Chairman, through you to Mr. Ziprick. Regarding Legal Aid Service, yesterday we got into some discussion regarding the funding of Legal Aid and the Grey book indicates a budget of \$2,776 and some thousand dollars. Now is it possible to break down the source of funding for that 2 million-plus budget? In other words, is there a portion of that money which is made available through transfer payments from the Federal Government to enact Legal Aid and if so I'd be very much interested in knowing what the percentage or what the portion of the budget coming from the Federal

Government is?

**MR. CHAIRMAN:** Mr. Cherniack.

**MR. CHERNIACK:** Mr. Chairman, may I interrupt? I believe Mr. Craik yesterday undertook to give us that.

**MR. ORCHARD:** Yes. Under this exact figure?

**MR. CHERNIACK:** Well, that's my recollection, that he undertook to give us a breakdown of the revenue and expenditures of Legal Aid.

**MR. ORCHARD:** Okay, and that's on record?

**MR. CHERNIACK:** Well as long as I'm right I don't want to cut you off, but I think he said he would.

**MR. CHAIRMAN:** Mr. Curtis.

**MR. CURTIS:** I was going to say, Mr. Chairman, that we have undertaken to obtain that information and the Minister will be writing to the committee.

**MR. ORCHARD:** Yes, okay.

**MR. CHAIRMAN:** Thank you. Any further questions, Mr. Orchard? Mr. Miller.

**MR. MILLER:** Mr. Chairman, I'm just picking up where Mr. Wilson left off. On the question of the Liquor Control Commission or generally throughout these comments in this report, in my opinion, Mr. Ziprick, what you're really pointing out is this, that the money was spent. You're not questioning the nature of this expenditure, you're not questioning the need of it, the value of it. What you're simply stating here is that the Commission did not have the power under its authority to make this expenditure and therefore it's required that the government had to pass an Order in Council in order to legalize — if you want to use that term — the expenditure itself because the Commission regularize really the payment; that the Commission did not have the authority under its own Act and that's all you're really pointing out here. You're not questioning the program; you're not questioning the expenditure or the use of the expenditure; you're questioning the authority of the Commission to have made this expenditure.

**MR. CHAIRMAN:** Mr. Ziprick.

**MR. ZIPRICK:** That's right. We checked the expenditure that was made by the Liquor Control Commission; it was made paid to these people and the services were provided and all that. But the Commission carried out a program for which it did not . . .

**MR. MILLER:** It didn't have the statutory authority.

**MR. ZIPRICK:** That's right.

**MR. MILLER:** All that is happening really is that the money is now be repaid by government to the Commission, so it's a book transfer.

**MR. ZIPRICK:** It becomes an appropriation expenditure which is subject to the scrutiny of this committee.

**MR. MILLER:** Fine.

**MR. CHAIRMAN:** Any further questions on Page 29? Page 29—pass. Page 30. Mr. Blake.

**MR. BLAKE:** Mr. Chairman, the Auditor's remark in connection with the Manitoba Agricultural Products Marketing Commission on the development of an effective management system, he indicates that steps have been taken to correct this and everything was now well with internal controls. Would this still be your comment, this commission is operating now under the manner and regulation that you would accept?

**MR. ZIPRICK:** Yes, this is just a follow-up from last year's. Last year we made observations that there were difficulties and this year we have pointed out that they have been corrected. This was the position at our last visit pertaining to this fiscal year. I wouldn't want to comment the immediate

position because we are not that closely up-to-date but I have no reason to believe that it is not being properly looked after now.

**MR. BLAKE:** Thank you.

**MR. CHAIRMAN:** Mr. Wilson.

**MR. WILSON:** My comments were under the Manitoba Development Corporation. I note with interest pertaining to Flyer Industries — and I wondered if Mr. Ziprick could clarify — during the election campaign the gentleman running against me who was a member of the MDC was expanding his chest to the fact that Flyer had showed a profit and I am interested if he would be able to tell me if this particular transaction here, mentioned in the Auditor's Report, was responsible for the profit that he was alluding to. I was of the opinion Flyer Industries was in a deficit position and I wondered if, through this transferring of the \$3.5 million, since it wasn't required — it says it was taken into income — does that mean to say that Flyer Industries had an extra \$3.5 million last year transferred into income which would then explain the favourable position that Mr. MacKay and others were talking about — and Mr. Green — when they talked about the profit that Flyer made last year.

**MR. ZIPRICK:** Well I don't know what they were talking about but Flyer two years ago had made an assessment of their position and established a loss based on that assessment to look after the contracts that they then had going. Now the loss that was assessed two years ago was found to be excessive so that particular loss was reduced by \$3.5 million, resulting in the combined two years loss being that much lower.

**MR. WILSON:** Well then would it be fair to say it would be a profit or not? It would just be an over-estimation of projected losses. Is that not correct?

**MR. ZIPRICK:** In the previous year the estimate was based on the situation as it was then known and this is just an updating of the situation from what it turned out to be. Some of it was attributable to performance and probably some to other causes but their performance was 3.5 million better than they had anticipated. But on the two years they did not make a profit, they still sustained a loss.

**MR. WILSON:** Oh, they did not make a profit then. So the statements by Mr. MacKay were not correct. Thank you very much.

**MR. CHAIRMAN:** Any further questions on Page 30? Page 30—pass. Page 31. Mr. Wilson.

**MR. WILSON:** I wondered if there is any further information on the housing authorities, if Mr. Ziprick could give us an indication as to the way the housing authorities operate now because he talks about a weakness in the internal administration. If you remember earlier in the discussion on this report I had indicated that it had been brought to my attention that there were some problems with the collection of rents in certain housing authorities and I also — if I didn't make the observation then — noticed a lot of them meet in our downtown hotels and I was wondering if this is funded by taxpayers. I wondered if some direction or encouragement couldn't be indicated that either they could meet in this particular room or meet in the Convention Centre to save the taxpayers' money because meeting in the Marlborough Hotel and other places seems to me to be, if they are funded by taxpayers' money, something that should be looked at and an encouragement to use our Convention Centre and certainly maybe this particular room here would be appreciated.

I would like to know the workings of these housing authorities, how they come about their money and what type of auditing have we got of their particular budget to see that the money is well spent.

**MR. CHAIRMAN:** Mr. Ziprick.

**MR. ZIPRICK:** Well, a housing authority is established to look after a certain housing area. They look after the renting of the premises, collect the rent, pay the operating expenses and pay all various expenses and then at the end of the year the amount of the loss — and that includes the paying of interest and principal to CMHC — the amount that is established as a loss is paid 50 percent by the province and 50 percent by Canada. Now the operations, the housing authority is established under the Housing and Renewal Corporation Act. It's a separate entity, it has its own auditors. After the end of the fiscal year audited financial statements are submitted to the Manitoba Housing and Renewal Corporation. Those are reviewed and the amounts of deficits from these then are accumulated and billed to the province and Canada.

**MR. WILSON:** So what you are saying is the losses of these housing authorities are shared 50-50 by the provincial and federal government. This information would be available by seeking it through the Minister in charge of MHRC?

**MR. ZIPRICK:** Yes.

**MR. WILSON:** All right.

**MR. CHAIRMAN:** Mr. Blake.

**MR. BLAKE:** A couple of questions, Mr. Chairman., one to the Auditor on the Rural and Native Housing Program. Is there a separate statement for that particular program or is that all lumped in with the general statement of Manitoba Housing and Renewal Corporation?

**MR. ZIPRICK:** It's together in the . . .

**MR. BLAKE:** It's together with the whole operation.

**MR. ZIPRICK:** That's right and if you want to have more specifics on it it would have to be obtained by request.

**MR. BLAKE:** Yes, well we could request that. Near the bottom of Page 31 on Projects Under Construction they've apparently constructed houses for resale that were sold for .3 million less than the cost of them, the ones in Winnipeg, and the demand for housing units wasn't as great as anticipated. It would appear to me that they have undertaken construction of housing units whether they be for rental or for sale, in some of the rural areas, that have remained vacant for months and months and months and it is pretty obvious that they didn't ascertain the need for housing before they went ahead and built them. Are there many projects such as the one mentioned in your report of last year that have been undertaken, where they have constructed the housing and sold them at a loss?

**MR. ZIPRICK:** No. There has been a number up in the North that were more than was contracted for and there had to be some adjustments but there were not really very many. In this other area, not to my knowledge.

**MR. BLAKE:** No, whatever might show up in your next report, probably next year, which we can watch for.

**MR. ZIPRICK:** Yes.

**MR. BLAKE:** Thank you, Mr. Chairman.

**MR. CHAIRMAN:** Any further questions on Page 31? Mr. Wilson.

**MR. WILSON:** Well 31 and going on to 32. I wondered if there has been any study done. It seems to me that the government is building a lot of housing units that are up for sale and I wondered, has there been any improvement. Are we starting to sell these housing units for what it cost us to put the project together? Or can you give me an indication what . . . I notice that after building them, according to your report, it seems that you were not . . . Are you just making the observation or are you suggesting it shouldn't happen that \$.3 million, or is it possibly a total of .9 million, in other words approximately close to a million? We sold these units on the marketplace and yet lost money and yet contractors in the private sector, I haven't heard too many of them losing money. I wonder if you could imagine what the reasons might be for this.

**MR. ZIPRICK:** I don't know, maybe the costs were a little higher than anticipated but basically we are bringing it as a matter of information that there was a program started to recover costs and costs are not being recovered and to that extent there will have to be subsidization. The reasons for it happening, there could be a variety of reasons, I couldn't comment on the specifics.

**MR. WILSON:** Do you have any figures as to what the loss per unit would be?

**MR. ZIPRICK:** I guess it could be multiplied out but I just don't know.

**MR. WILSON:** All right. In other words you are bringing to our attention that there was a program to sell houses to recover costs, that the government could better supply housing to the people and now you are making the observation that we lost this money. So the previous government had envisioned this particular situation yet it didn't pan out.

**MR. ZIPRICK:** That's right.

**MR. WILSON:** Yes.

**MR. CHAIRMAN:** Page 31—pass? Mr. Einarson.

**MR. EINARSON:** Mr. Chairman, I didn't quite get all the comments at first, but in The Pas, these units that have been built by MHRC, are there many of them that haven't been sold yet? Are they a real problem to us right now?

**MR. ZIPRICK:** I don't know what the immediate position is. Apparently none of the ones at The Pas have been sold as yet. That's our last position.

**MR. EINARSON:** Yes. So the financial picture that you place here, Mr. Ziprick, it could be worse than what you have stated here if we don't see these things come to a . . .

**A MEMBER:** It could be a disaster.

**MR. ZIPRICK:** Could be.

**MR. EINARSON:** Very good.

**MR. CHAIRMAN:** Page 32. Mr. Wilson.

**MR. WILSON:** On Page 32, with all due respect to my colleague from Pembina. Why I am trying to make the observation here and ask some questions is that Morden Fine Foods seemed to be a reasonably small plant that was supplying employment to a particular area and was taking the produce produced and turning out a product. I am wondering who in the government, in the Management Committee or the Planning Secretariat or wherever, conducted this so-called feasibility study to enlarge the plant to such a huge cost to the taxpayers. I am wondering who made the proposal and who did the feasibility study, who encouraged the enlargement, who had this dream that by enlarging the plant that they would create a winner. It would seem to me if you had a medium sized plant that was only losing a slight portion of money every year and supplying employment, why government would tinker with this and come in and make this huge plant expansion and now our losses seem to be continuing year after year. Is there any projection that this company will ever make money in the future? What I am saying is that is the expansion of this plant by the former government . . . In your estimation was it a questionable decision? I notice the Member for Transcona is putting up his hand, maybe he was responsible so he can enlighten us. So I'll just ask Mr. Ziprick to start off with some explanation.

**MR. ZIPRICK:** This expansion was under the authority of the Manitoba Development Corporation. The Manitoba Development Corporation as a board, after reviewing feasibility studies that were presented to it, had decided to expand it. In the feasibility studies there was every indication that this expansion would put it really in a very good, viable position. The situation has not turned out to be that way and at the time that we were reviewing it there was no documented explanations as to really what went wrong. That's one of the points that we're raising.

As to its current position I think that I wouldn't want to get too involved in there because we have some idea but we haven't completed the audit. I think that that kind of thing would be best left till the MDC are before another committee here and they will be updating you with their current position and it would be better if you got that directly from management rather than from me.

**MR. WILSON:** The point is that Mr. Murdoch MacKay and others on the Manitoba Development Corporation, they looked at feasibility studies and I was trying to find out who authorized these feasibility studies. Was it government or was it the private sector who came in and studied and evaluated? What I'm trying to get at is, was it a government decision, was it a government feasibility study?

**MR. ZIPRICK:** It was a decision of the directors of the Manitoba Development Corporation as a board. They decided and authorized the expansion; the study was done for them. I don't know who did the study, that again can be asked from the officials when they're here, but a study was done for them and on the basis of the study they made a decision to expand. It was a decision of the Manitoba Development Corporation as a corporation, recorded in their minutes and approved in their minutes.

**MR. WILSON:** In your estimation then would the former size plant have stood a better chance of breaking even than this large expanded plant?

**MR. ZIPRICK:** I can't comment as to what the former plant would do in the future. What it did in the past, you're right, it was odd small losses, I think one year there was a bit of a profit, that's how it was operating. But what the position would have been in the future, I don't know.

**MR. WILSON:** The interesting comment that you make is that there was a small profit under the former plant and the projections — as you say you're not prepared to comment on them — but an indication from this report is that by making this enlargement, by conducting this so-called feasibility

study and making this huge expenditure that the losses will be greater.

**MR. ZIPRICK:** There was a feasibility study that showed that by expanding it would improve the viability and the decision was made on that basis. It hasn't turned out to be so. We haven't as yet seen documented explanations as to why this variance so I wouldn't want to comment any further on that. I think that's best to come from the chairman of the board when he's here himself.

**MR. WILSON:** All right.

**MR. PARASIUK:** Mr. Chairman, Mr. Wilson, after a few years in the House, still doesn't understand the way in which the Manitoba Development Corporation works. There is a board of directors and the board of directors makes all the decisions relating to the Development Corporation's decisions. Those decisions are not taken by the Government of Manitoba, nor are they taken by people within the Civil Service in the Government of Manitoba. Also on that board of directors are a number of businessmen. These people are selected from the business community because it's assumed that they will be able to exercise business judgment decisions. I understand a few of those people as well have university of life degrees. Perhaps that's why their judgments weren't that good but at the same time I wouldn't want the committee here to be confused as to who makes the decisions. You rightly pointed out, Mr. Ziprick, that those decisions were taken by the board of the Manitoba Development Corporation after feasibility studies were undertaken presumably by private consultants.

**MR. ZIPRICK:** I just don't know offhand as to who the consultants were. I wouldn't want to comment, I'd have to check into the records. I think the board is going to be here so that information can be obtained from the board.

**MR. MINAKER:** Mr. Chairman, if I might just add to what Mr. Parasiuk said about decisions of the MDC Board, just for new members of the committee or members of the Legislature, that is true in the instances where recommendations weren't made by the MDC that no further funds be allotted to a company. When that occurs I believe the policy of the former government was that they made the political decision whether or not further funds would be passed on to such . . .

**MR. CHERNIACK:** It's not a political decision.

**MR. MINAKER:** . . . or a Cabinet, government decision that further funds would be made to such places as Flyer or Saunders.

**MR. WILSON:** By way of explanation, I don't think that there's anyone who has got a larger filing drawer other than somebody who is on staff of the workings of MDC and I've been after them for years. It is because of these further authorizations by the former government that many of these horror stories took place. I note with interest the Member for Transcona is beginning the sabre rattling and of course it was started in the audience, the former Member for St. Matthews, and I guess he's going back and getting a little coaching from him but it's not really necessary, I'm here to examine this particular report. My question on Morden Fine Foods has been answered by the Auditor and I'm well aware of the workings of MDC and many of their past horror stories.

**MR. CHERNIACK:** Mr. Chairman, I think we're going to have to get used to Mr. Wilson's words and it is difficult but I think we're going to have to learn to ignore them as many others have learned to do. I'm ready to deal with comments and recommendations. May I move to that, Mr. Chairman? The Legislative Management System. I mean if members are through with Morden Fine Foods then I'd like to move to the next one.

**MR. CHAIRMAN:** Proceed.

**MR. CHERNIACK:** In the second paragraph, Mr. Ziprick, you say that you have recommended that the Public Accounts Committee establish rules and guidelines and require various managers to appear before it. The previous administration, I believe, took the position that management civil service should not be brought before a committee of the Legislature because they did not accept your postulating a possibility that there would be a non-partisan — that this committee would work in a non-partisan manner. Now that there has been a change possibly you will be able to succeed in your suggestions but have you ever proposed the specific rules and guidelines or have you just talked about that there ought to be such.

**MR. ZIPRICK:** I just feel that with the more complex situations that we deal with there probably should be some rules and guidelines laid down. I understand that a number of other Public Accounts Committees have developed some rules and guidelines. Admittedly they're not too extensive. At the last Legislative Auditors' Meeting we had a professor from York University who had done extensive research and study on the committees. He gave us a rundown as to the positions of the various committees and they are developing some rules and guidelines.

**MR. CHERNIACK:** Mr. Ziprick, you have these meetings of provincial auditors, with the Auditor-General of Canada and you come up with suggestions. I assume that a suggestion such as this is being made in other provinces by people who do the same work you do. Are you aware of any jurisdiction in Canada where there are rules and guidelines that go beyond those of the method of operation of this committee which have proven to be more effective such as you suggest might be possible.

**MR. ZIPRICK:** It's not a question of proven to be more effective, it's a question of in some instances there may be need for some clarity as to what is expected of the committee. I know, for example, some of the other committees have been putting out for several years now a fairly — I shouldn't say extensive but specific reports and recommendations to the Legislature after reviewing the Legislative Auditor's Report while reviewing the Public Accounts Committees. They've been coming out with recommendations of their own that I understand are proving to be quite useful. It's these kind of things that I observe and I'm passing them along. I am just passing them along as the kind of things that may be helpful. Now if it's the decision of this committee that they don't want to proceed any other way that's fine.

I would maybe suggest that the committee has just been formed now with a new Legislature, there's a chairman and in the other committees, Canada, there's also a vice-chairman that's from the government side. It might be a useful exercise if the chairman and possibly a vice-chairman if it was so desired made contact with their counterparts in places say like Canada, Ontario, Saskatchewan, that have fairly active committees and have been coming out with some pretty good results and see for themselves as to what is proving useful and effective.

Here I would like to comment that although I am urging for more improvement, as I indicated in about the first sentence, that Manitoba has done quite a bit in the last number of years. When this review was made by the professor he gave us a pretty high rating on the basis of the quality of questioning and the kind of work that the committee is doing. So although I am urging for more, I certainly appreciate that the committee has done quite a bit and I would like to give it full credit in that regard.

**MR. CHERNIACK:** Mr. Chairman, I'm sorry, I want to bring Mr. Ziprick back to my question. You are making two specific recommendations: that there be more specific rules and guidelines — and I asked whether there is any other jurisdiction in Canada where they have such. Now, since you haven't really answered that, may I ask whether you are prepared to recommend to this committee certain rules and guidelines which we could then work with. Could you do that for this committee?

**MR. ZIPRICK:** I understand that some of the other committees have rules and guidelines.

**MR. CHERNIACK:** My question to you was could you do that for us?

**MR. ZIPRICK:** I could make a point of obtaining whatever rules and guidelines there are for the committee but I would not consider it my responsibility to lay out the rules and guidelines for this committee.

**MR. CHERNIACK:** Mr. Chairman, I'm sure that this committee would not permit Mr. Ziprick to lay out the rules and guidelines under which we work but certainly I would think that if he volunteers, as I think he has already on my invitation, to provide us with some it might be of some interest.

**MR. ZIPRICK:** Yes, I'll check around and provide the chairman with the various information I have on the operations of other committees.

**MR. CHERNIACK:** Then, Mr. Chairman, I'm wondering the extent to which managers would appear before Public Accounts Committees in other jurisdictions. We now have the situation where certain managers or directors of Crown corporations appear before committees but I don't think we've ever had Civil Service management in any department appear before any committee, but certainly not this committee except through the minister. Could Mr. Ziprick inform us of other jurisdictions where this is done in Public Accounts?

**MR. ZIPRICK:** Yes, Saskatchewan has been doing that for many many years and their big undertaking is that they select a number of departments and actually call in the managers and discuss extensively the various difficulties that are being encountered. From my discussions with their Provincial Auditor they seem to get a very satisfactory result because this is when they really can find out their concerns. Even well run departments will run into problems and I think it's these kinds of problems that become apparent. When the manager explains why that problem had arisen and what's being done about it and puts it in the right perspective the committee and the people can then realize that if you're running a fairly big show you're going to run into difficulties. So there's

Saskatchewan, Ontario is doing this, Canada is doing this, that's three I know of.

**MR. CHERNIACK:** Would these rules and guidelines that you're going to give us in some way protect the management from having to defend policy decisions? Because it seems to me that what I have always thought was a danger was to take a deputy minister or at a lower level, management personnel, a branch director, and have him sit beside his political senior and have to justify decisions that may have been made at the political level. I would think that that would create a problem that I was not prepared to expose a civil servant to and I would like to know what protections there are for the civil servant.

**MR. ZIPRICK:** I understand that the rules and guidelines centre in that particular area and it's along the lines that it's only administrative matters that the manager is questioned on. A good portion of the time the Minister may not even be there. Now if it's hinging towards any policy the deputy or director, whoever is being questioned, says, well I'm sorry, I'll have to consult with the Minister as to whether I can even answer this. If it's clear that it should be obtained directly from the Minister because it's into the policy area then it's accepted and all he has to do is say, no, I'm not in a position to answer it. What they're being questioned on are day-to-day administrative matters that present problems in administering programs and the difficulties that can be encountered and in many instances the waste that one can get into by just even prudently carrying out programs because if you're doing something you're bound to make mistakes. I think that that's the important thing, that the well run departments, that the mistakes should be put in proper perspective and not given the impression that they're completely inefficient.

**MR. CHERNIACK:** Mr. Chairman, I raise this because Mr. Ziprick has brought this into his report and this is not the first time it has come before the committee. As I recall it no-one in the committees of the past have risen to the support of his proposal and I don't recall any member of former committees saying that they would like to have management present. Mr. Blake might correct me if my impression is wrong, I just don't remember and therefore I assume that most MLAs want to protect the position of the civil servant and not expose him to embarrassment or worse. We now know what governments can do if they decide to start firing holus bolus. I raise this so that we can look at it more carefully but since Mr. Ziprick is going to keep on saying it until something is done or until he's definitely told "no" then I think we ought to invite him to give us more information so we can continue to discuss the feasibility and maybe try it out.

**MR. MINAKER:** Mr. Chairman, through you to Mr. Ziprick. I recognize that you are a very busy man and I wonder if you are aware that I guess in the last two years when we review Estimates, that now part of the Estimates are reviewed outside the House as well as inside the House. I know quite often when we are reviewing the Estimates of different departments that the managerial backup staff of the deputy minister would be present and there was thorough examination, and I'm sure there will be thorough examination by the opposition again, where the flow of information came through the deputy minister from his managers directly with support, almost similar to what's happening here. I wonder what this kind of change that some of the general thoughts that you have put forward to this committee, that this committee is involved with, that in actual fact is presently happening but in a different committee which is a committee of the House.

**MR. ZIPRICK:** Yes, I was aware of that now and then, this happens in the other jurisdictions. But there you're dealing with the Estimates, you're dealing with what they are proposing to happen. Here you're trying to evaluate the performance based on the Estimates that were approved.

Now with the kind of Public Accounts which are not matched off and the variances are not apparent it's much more difficult but if the Public Accounts had pinpointed variances from departments then certainly you couldn't expect the Auditor or the Department of Finance, as Mr. Miller pointed out, to provide explanations of difficulties that were encountered in the departments. So you'd have to have the Minister present and in many instances the Minister is not completely familiar with the inner workings and exactly what went wrong. If you really want to get a full picture of what the difficulties were it's the deputy or the director below him that will really provide what's happened. So this is a process that's a follow through. The Estimates are what is being asked for for approval of money to do and this committee is following through to see what's been approved and done, if there were any difficulties or overruns or what really happened. This is the suggestion that I am making.

**MR. MINAKER:** Mr. Chairman, I might just comment that in the past few years that I've been here when we dealt with the Estimates, it might have been because of our Deputy Speaker at the time being pretty fair, he also allowed questions on the Estimate figure of the previous year so that quite often there was an investigation into how the money was spent while in Estimates because we had the previous year's figures there. We did do some digging at that time and I'm sure there will be similar actions take place in the committee.

**MR. ORCHARD:** Mr. Chairman, through you to Mr. Ziprick. The first paragraph contains a

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comment, "It is appreciated that with the inadequacy and lateness of the data which is being made available, the potential of this work is limited." Vis-a-vis the size of the report required, the size of the expenditure, how much improvement can be expected on the lateness aspect of data being available, can we move to that fall goal so that we can scrutinize expenditures well within six months after they're closed out?

**MR. ZIPRICK:** Yes, there would be no difficulty to be in a position to scrutinize expenditures six months after the fact.

**MR. ORCHARD:** In terms of inadequacy, looking at this document as a layman for the first time, I would hope that the inadequacy comment relates to the difficulty to really pick out certain total figures, public debt or whatever. Is this the type of inadequacy you're referring to?

**MR. ZIPRICK:** That's right. It's how the information is assembled. I'm not saying there's lack of information, if anything there is probably too much information in detail and there's not enough summaries whereby one could apply some analytical reviews and then apply judgment to the results of those reviews and come up with some judgmental observations.

**MR. ORCHARD:** I can only wish you every success there because I don't want to take up accounting courses to be able to interpret the financial position of the province.

**MR. PARASIUK:** I have appeared before standing committees of the Legislature before — I am interested in your idea that it would be possible to do so without getting caught up in partisan debates because that's not been my experience when I appeared before a standing committee before. Although you are going to get rules and guidelines from other jurisdictions, I hope that you would attempt to put in some personal suggestions as well. You've had experience with this particular committee over a number of years so I think you're going to have to temper the rules or the guidelines in other jurisdictions with what actually has taken place here to see whether in fact these rules could apply here. I think frankly one of your reasons for skating on some of the specifics is that you know yourself you're probably going to get caught in a partisan debate just by introducing some specifics. We can't seem to avoid getting caught up in partisan debate. Although I'm intrigued by the idea, I think that in real practical terms you're going to have a continuing difficulty in that respect.

The other thing I wanted to mention was that the whole notion of accountability puts tremendous time pressures on the bureaucracy. You were talking about having the staff available for Estimates. They are on standby for Estimates. Usually Estimates are being considered right at that time when your department or your section would like to be talking to these same people to go over their recently closed books. So there's a conflict in time there and I know that the staff spend a lot of time being available for the Estimates process in the Legislature. Even these last two days have taken up the time of some pretty senior finance officials, and I look at the Deputy Minister of Finance sitting there through two days. This morning it was announced that the exchange rate of Canadian dollars has probably dropped a bit further because the American dollar has declined in relation to the Swiss franc, and I compliment the . . .

**MR. MINAKER:** You should have been here when the Department of Public Works Estimates were reviewed.

**MR. PARASIUK:** . . . Deputy Minister of Finance for having the discipline to sit through this when I think he'd like to tear himself away and find out exactly what's happening with respect to the international exchange rate and I don't know if he wants to listen to all of our little partisan by-play that's been going on here through the morning. The point I'm trying to make is that it does take up a lot of time and although we might want to set up a perfect world with respect to accountability, I think we'd find that the managers at some stage will come to us and say, well you aren't giving us the time to actually manage.

**MR. ZIPRICK:** I just have one observation on that, that right now through the various internal checks and balances the managers are tied up into such red tape and they spend so much time in red tape that if we had a much more objective accountability system their time would be released from continuously explaining this red tape and they could get on with the work much better. Then if there are variances coming up this is where the managers should really be held accountable. The Estimates are approved and if there is sufficient detail to indicate what's expected then it should be up to them to carry it out. If there are variances then they should be accountable for those variances because they were in charge of the administration.

I know by appearing before a public forum like this and having to account certainly sharpens one's desire and the need for really understanding what you're doing. I can talk from personal experience in that regard and I know every manager that would be faced with this kind of appearance would have to go through the same kind of exercise. I don't think that it would add to red tape, it should reduce it, and I'm all for reducing the red tape. I personally feel very strongly that we're so bogged down in red tape that if some more streamlined and objective managerial control and

reporting systems aren't developed that the machine is just going to get completely bogged down and will not be able to even manage as well as they are now within the present context.

**MR. CHAIRMAN:** Mr. Blake.

**MR. BLAKE:** Mr. Chairman, I just wanted to make one or two comments on this particular item and also to maybe take exception to the remarks of Mr. Cherniack where he indicated that there were holus-bolus firings in the Civil Service. That is not the case. I think there has been some fine surgery applied probably that he is well aware is necessary from time to time even in a corporation that is being well run or well managed. But from a personal point of view I can't really see any problem in having some of the managers appear before this committee because I think those people are going to be pretty senior people, they are going to be well-paid people who are in responsible positions. Anyone in that position, if he is worth his salt, is going to be capable to appear before a committee and stand before that committee and defend himself and defend the actions of his particular department that's under question. Also, if the Minister of that particular department has confidence in his senior people he is going to protect them to the point that they would not be abused. I think maybe Mr. Parasiuk indicated that he had appeared before a committee and maybe under somewhat strange circumstances. One of the appearances that I think he might be referring to would indicate that maybe civil servants do get battered a little bit. But I feel that the appearance of some of the senior people before this committee may allow some further indepth questioning that might be beneficial to the committee.

As my colleague has mentioned, it is happening to some degree in the committees that appear before Estimates, that appear before committee in here rather than in the House, because they do have quite a battery of their senior people and we've received some real good dialogue and some good answers that probably we couldn't have . . . They would have been more generalized if they had been received in the House from the Deputy Minister. We had some people further down the line who were closer to the problem and it is working out, I think, quite well and it probably would expand on it to allow this. I don't think there would be a danger of having civil servants in any danger of being abused if we were to adopt this system but that's a personal observation. It would be up to the committee to decide if they want to carry it on.

**MR. CHAIRMAN:** Mr. Parasiuk.

**MR. PARASIUK:** Mr. Chairman, I didn't want to give the impression that I was against this. In fact I am interested in it and if it can be shown to work, especially with respect to the whole area of non-partisanship, I would be quite willing to try it out. I just gave the tempering advice regarding the time of some of the senior civil servants because often there are certain things that might be happening at the bureaucratic level in terms of implementing something and the Legislature says they will meet on Thursday night or Thursday afternoon and I think we might have to adopt a bit more flexibility in our own scheduling. We assume that we are at the top of the pinnacle or the pyramid as MLAs and sometimes there are certain requirements at the management level that it may require a bit more flexibility in the scheduling of some of the meetings at the legislative level. Otherwise I am in favour of it.

**MR. ZIPRICK:** Yes, that's like the committees that are more active in that area that I have observed. This is where the chairman and the vice-chairman spend a fair amount of time in planning the committee agenda and who is going to appear at what time so that there is no duplication of people appearing and sitting around and waiting. It is really done in a reasonably organized manner and therefore avoids waste of time.

**MR. CHAIRMAN:** Are there any further questions on Page 32? Page 32—pass. Page 33. Mr. Wilson.

**MR. WILSON:** Since this appears to be a wrap-up of Mr. Ziprick's comments and also spells out his duties, I did want to just go over it again and I hope everybody on this committee and certainly anyone who is interested in reading it, it is probably one of the most important pages, 33 and 34, in that it does spell out what he is attempting to do. It describes your duties under (b) that all public moneys have been fully accounted for and I wondered . . . Could you comment on where a member of this committee would be able to look at expenditures under 2,000? I understand only those 2,000 and over are listed in the grey books.

It talks in (c) about money that has been expended for the purpose for which it has been earmarked for. I notice in previous comments you seem to indicate that you were not satisfied that there was proper auditing of possibly some of the grants in this particular area. I notice down where you talk about observations made during the course of audit identifying weaknesses in internal control, ineffective supervision of records and you talk about deficiencies and irregularities were recorded in the working papers and in many cases, Mr. Ziprick ' were these brought to the attention of ministers or were they just brought to the attention of officials in the department.

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I did want to again continue, while I still have the mike, in the area. I note with interest . . .

**MR. CHAIRMAN:** Order please. Mr. Wilson, I don't want to tell you how to ask your questions but you have asked about three. It might be easier for Mr. Ziprick if he can answer one at a time.

**MR. WILSON:** All right.

**MR. CHAIRMAN:** Mr. Ziprick.

**MR. ZIPRICK:** I don't know, on my duties I assume you are just making observation. The question you are asking as to whether the problems or deficiencies that we encounter are always brought to the attention of the minister, no. The approach that we take is on the kind of problem. Our approach is to as quickly as possible bring any difficulties that we observe to the person who is most immediately and directly involved with the idea that corrective action be undertaken as quickly as possible.

Now if it is a relatively minor problem that this person is completely capable of handling and is willing to handle, well we are not even going to bother the deputy minister or anybody down the line. So each problem situation is treated on the basis of its importance and carried forward.

Now the kind of problems that can't be handled are brought up the line and there are quite a number of problems that are placed before the ministers. Some of the problems that are placed before the ministers may be the kind that are being attended to and corrected already but we feel they are of a kind that the minister should know about and so we bring them to the attention of the minister as information. Then certain other kinds of things that are quite important we satisfy and bring them forward to the Legislature in our report here. So this is how we go about it and we try, as quickly as a problem becomes aware, to bring it to the attention of an official as quickly as possible to get corrective action.

**MR. CHAIRMAN:** Mr. Wilson.

**MR. WILSON:** My concern then is one that if it is not brought to the attention of the ministers . . . Okay, maybe I could get into a delicate area here. What would you do if there was an example of the vouchers coming down — they come down from all ministers for expenses — and some of the expenses seem to be sort of above the norm? Would someone in your department question the deputy or would they go to the minister, or would they go to the First Minister, pertaining to the individual minister's expense accounts, travelling accounts and that type of thing?

**MR. ZIPRICK:** Well if it is the minister's own expense account that's involved, we would do one of the things and possibly the one . . . We would go to the Minister of Finance and indicate to him that we've got some concerns about one of his colleague's expense accounts and usually the Minister of Finance would take the matter under advisement to review it and see what was necessary. We certainly wouldn't deal with those particular ones at the lower level.

**MR. WILSON:** Then could I ask, Mr. Ziprick, who you would have gone to regarding your observations about the alarming expense of \$10.4 million which seems to be an example of the failure by the former government to protect and safeguard and control the expenses in this particular area? I see you have made a number of recommendations. Why wasn't Management Committee or your department able to convince the former government? Was this just an observation that was made during the last 1976-77 era, because \$10.4 million seems to be a very very serious amount of money to be spent for civil servants and ministers to be travelling around the country. I have a particular interest in one but if you could comment on that, who would you bring that to the attention of? I would hope the present government and I am sorry the Minister of Finance isn't here because I can tell him that I would hope that this figure could be cut in half. I wondered if any steps had been taken to chop this \$10.4 million expenditure down.

**MR. ZIPRICK:** This was not brought to the attention that it is excessive. We don't know whether it's excessive. We know this, that from our auditing that the expenses themselves are reasonable and of a kind that are acceptable. We've done enough auditing. Each expense account that has gone through is of a kind that meets the criteria laid down by the Management Committee of Cabinet and they are reasonable. So that 10.4 million, based on our audit and that, we can say — maybe there might be an odd item that can be found but basically they are expenses that are not excessive as expenses. In other words they are not for elaborate rooms or other kinds of elaborate expenditures.

Now as to whether \$10.4 million of travelling was necessary or not, that's where we point out that within the present scope of the way the accounts are organized and the way the accounting is presented and that, we, and I think the Legislature to a degree and this committee and everybody, has a difficulty to make any kind of an assessment. We don't have statements presented as to what it was the year before and this year's compared with preceding years and on what basis and in what area did it arise. There are not any guidelines and these we make a point . . . We know that the guidelines in themselves will only go so far. It's a question of enforcement but guidelines are helpful.

So we are not making an observation as to whether they are too high, too low, to what extent they

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could be cut, we are just using an example to point out that the kind of analytical auditing that we are not able to carry out because of the inadequacies of the accounting and reporting system is not possible and we are using this as a demonstration of an item and the reasons why we can't do it.

**MR. CHAIRMAN:** Mr. Wilson.

**MR. WILSON:** I think the matter is so serious, not only from your comments, from my own observations, that I would hope the Minister of Finance would conduct sort of a full-scale inquiry or possibly get this committee the information. I would like a computer punch-out of this breakdown of this because I think the public needs the facts. An example — I call it phoney socialism — but I remember the former minister, Ben Hanuschak, saying that he had dismissed the \$4,000 grant for a consortium of businessmen to go out and attract tourism to Manitoba because he was concerned with the poor people in his constituency. Yet if you examine the Public Accounts you find that Mr. Hanuschak is the most travelled and earned over \$39,000 and his expenses are one of the highest at \$4,750.00.

So you have these characters like Mr. Hanuschak who espouse to saving his constituents money and yet will go out and spend \$4,750 in expenses. So I think this kind of inquiry will lay the blame where it is supposed to be laid, at the foot of those people who attended conferences, who had travelled to unnecessary destinations.

It just seems to me to be incredible. I think the on the job training and education are two of the prime factors for anyone attending a particular conference and I think if the Cabinet looks at it and maybe, unlike Mr. Cherniak who says no one will listen to me, I think if I could get in there and examine, if there was an inquiry, that we in the backbench will be able to point out to Cabinet these particular wasted trips, wasted conferences. Why aren't these people doing something about bringing some of these conferences to our own Convention Centre instead of encouraging travel out of the province. So again I'm encouraging that we have an inquiry by the Minister of Finance into the \$10.4 million and if next year we can come back and show that this figure is down to \$6 million, I think that we on this committee will have done this job.

**MR. MINAKER:** Mr. Chairman, if I might be able to refresh my colleague's memory, I believe there was a press announcement some time ago that all travel expenses now have to be approved by the Minister of that department, so there has been a change — all out-of-province travel expenses. So the review is taking place and I know too that I think the Task Force was reviewing the complete situation. I would hope that our colleague would wait for the report to come through before possibly initiating it from this committee.

**MR. WILSON:** Well then if the Task Force is looking at it I hope that I can give them some material to assist them in making recommendations to certainly reduce this.

**SOME MEMBERS:** Hear, hear.

**MR. WILSON:** But I hear members opposite saying, "hear, hear." I think in the eight years they were in office, they could have done something to have the ministers approve the travel because it obviously got out of hand. As I say, there has got to be accountability and I find it incredible that a party that espouses to be protecting the little guy would allow \$10.4 million in travel to go by unnoticed.

**MR. ORCHARD:** Mr. Chairman, through you to the Auditor, Mr. Ziprick. Now I take it from your comments, Mr. Ziprick, that you are not criticizing per se the reasons for the \$10.4 million, that that itself as far as documented was a legitimate expense incurred on the ongoing carrying out of the government. But you have difficulty in being able to compare year to year a given department's travel expenses, etc. and that boils back down to what we discussed earlier this morning and in fact yesterday to the inadequacy of the presentation format. I think it would be of interest now that I table for the other members of the committee the Public Accounts 1975-76 for the Province of Ontario and I think they have exercised travelling expenses in numerous other categories within their public accounts which gives the type of accountability that you are suggesting, namely something that can be followed back year to year to check on one person to the next, or one department to the next, plus very easily pull out travel expenses totally for the province where if we go through our Public Accounts you have to take a lot of time and do a lot of individual research within every department to pick out travel. So I would like to table this for the perusal of the other members of the committee. I think it possibly gives us an idea of what be an ideal format to set up our public accounts for better examination in the future and better comparison of travel expenses which may or may not prove excessive from one year to the next.

**MR. PARASIUK:** Mr. Chairman, I think that I would also like to ask the Auditor to talk to some Management Committee officials because I know that they have in fact been keeping track of expenditures on travel on a departmental basis. If he is going to get some information for us or conduct any analysis I would like him to take a look at the extent to which travel has increased as a

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result of Federal-Provincial Conferences and Inter-provincial Conferences. There's been a tremendous upswing in this area over the last — well frankly since the period of Trudeau — you have had a tremendous increase in the use of the federal-provincial conference, and frankly the utility of some of those conferences is questionable. We've had a First Ministers Conference where everyone walked away from the First Ministers Conference with huge staffs accompanying them saying, "Well we didn't accomplish very much," but yet at the same time they had to be there. And the same thing holds true at the Department of Education level, you have had the former Minister referred to who was chairman of the Canadian Council of Education Ministers who had a whole set of functions to perform in that capacity which were required not only for the federal-provincial operations but interprovincial operations.

So I think that's an element that's almost impossible to control unless that's brought to the attention of all the Ministers across this country, especially at the First Ministers level, and we attempt to get away from trying to govern a country almost entirely through federal-provincial conferences because that's a great great contributor to the increase in travel costs.

**The other point I wanted to make is that when we talked about reducing red tape, I would hope that over the long run that the Ministers aren't going to the final check on virtually every bit of travel within a department. I think it's done from time to time; it was done certainly in the past administration where the Minister did have the final signing authority, kept tab for about a six-month period and then ended delegating some of that authority on to a deputy minister or an assistant deputy minister, otherwise given the time pressures on a minister, especially some of the political time pressures where they are off at their constituency or other places like that, you will find that you will be encouraging and adding to the red tape regarding travel.**

**I think what you want is a very good system of accountability with respect to travel, not necessarily earmarking a minister as the person who will make the final little check mark with respect to whether a person can travel or not. I think what you are looking for is a good, general, efficient system and I don't know whether in fact in large corporations whether you have the president or the chairman of the board authorizing travel expenditures for staff.**

**MR. ZIPRICK:** I'd just like to comment that this getting the ministers to approve was not on my initiation and I completely appreciate that there is no way that the minister can be doing it. As I understand this, this was undertaken by the new government on a temporary basis so that the new ministers can become familiar and if that's what they do, it's fine. It wasn't my suggestion or a requirement. I would agree that it's just impossible. You would need a good system of delegation of responsibility and not ten signatures but one signature that's really reliable and then have the kind of documentation coming forward that really displays where these particular expenditures are flowing, what functions, so that somebody can say well, yes, it's going there and there and what we are doing because of the nature of the work and it's reasonable or not reasonable and this is all I'm suggesting.

**MR. CHERNIACK:** Mr. Chairman, I think it is good that the Provincial Auditor has brought this to our attention as being an example of the kind of review that must be carried out. I think at the same time it must be dealt with with some perspective. The expenditures themselves apparently conform with — well the Provincial Auditor says that the expenditures themselves are modest and reasonable. So I would like to ask Mr. Ziprick whether there are any expense accounts of any civil servant which are not approved before submission for payment.

**MR. ZIPRICK:** No, all the expense accounts have been approved.

**MR. CHERNIACK:** And have to be approved?

**MR. ZIPRICK:** They have to be approved.

**MR. CHERNIACK:** Up to the level of deputy minister, I believe.

**MR. ZIPRICK:** Well as far as we're concerned the kind of approvals that were going on were certainly reasonable, if anything maybe even excessive.

**MR. CHERNIACK:** But if your pre-audits, I assume you don't approve of payment of an expense account unless it has been confirmed or approved by a person senior to the person submitting the account?

**MR. ZIPRICK:** Yes, that's right.

**MR. CHERNIACK:** So that in getting that approval of the account, you also have the statement in effect that this is an authorized travel, an approved travel?

**MR. ZIPRICK:** That's right.

**MR. CHERNIACK:** So that whether it's the minister that does it or the deputy minister, it is still a trip that was taken for a purpose approved by the superior officer and the expenses are also approved by a superior officer?

**MR. ZIPRICK:** Yes.

**MR. CHERNIACK:** So that when Mr. Minaker says that now there's an order that the minister himself must be involved, that is a governmental decision to, as you say, your interpretation is to acquaint the minister with all travel that takes place but you say yourself you really don't believe that that should be a continuing responsibility of the minister? —(Interjection) — Well even out of province.

**MR. ZIPRICK:** Yes.

**MR. CHERNIACK:** Mr. Chairman, I just want to make one further comment. I think something like this is an item that should be checked up every so often because it can go somewhat overboard. On the other hand I am not sure that I agree with the proposal — for example, "require departments to minimize the number of people who must travel for a single purpose" — minimize yes — "never allow two or more people to travel when one will suffice." Well the question of what "suffice" is is really a managerial decision, isn't it? It's not an auditor's decision. It has to be a decision of someone who knows the purpose and then must decide how many will suffice. Is that not correct?

**MR. ZIPRICK:** Yes, see all these guidelines are managerial guidelines that are dished out. If they are there we as auditors then could be more pointed in our questioning to see that some form of guidelines are being complied. What our difficulty now is when there is no top managerial guidelines that when we start questioning the people that we're questioning, you may think that we are trying to assume more authority than we should be. So this is why we are suggesting that these kind of guidelines would be useful from our point of view because then they would be a base from which we could — if there seemed to be poor judgment was used, we would say well in connection with this particular guideline there seems to have been some poor judgment used and we want to get some explanation. Right now there isn't such a thing.

**MR. CHERNIACK:** So at this stage you are not being critical of any of the expenditures that have been made in this area of travel. All you are saying is you don't have sufficient backup to really confirm it?

**MR. ZIPRICK:** No, that's right. As I said, I'm not presenting this 10.4, only that it's a material item but I'm not saying that it's excessive or . . .

**MR. CHERNIACK:** Or alarming.

**MR. ZIPRICK:** . . . or alarming because there is no way that we are in a position to judge within the context of the present accountability and I am using it as an example as to why a more effective accountability would be useful, not only for us but for the committee, and generally would provide a better cost control system. That's what we're really talking about.

**MR. CHERNIACK:** Thank you, Mr. Ziprick. Mr. Chairman, I would like to move to the top of Page 35, that is part of the same report. Is that okay? It's the scope of audit.

**MR. CHAIRMAN:** Yes, continue.

**MR. CHERNIACK:** Well then the very last sentence, Mr. Ziprick. You say that you will be submitting to the Minister of Finance for the government's consideration draft amendments to your Act — you mean the Provincial Auditor's Act — along the lines of the legislation of the other Canadian jurisdictions. Since you are really a servant of the Legislature and not of the government, would you not think it of some use to let us all have, in this committee, the draft amendments which you would think would be of use so that we could all assess them.

**MR. ZIPRICK:** Well I've completed the amendments, I've submitted them to the Minister of Finance . . .

**MR. CHERNIACK:** Could you do us the courtesy of doing the same thing?

**MR. ZIPRICK:** There's where we get to maybe some of the rules that I've talked about. I am, by law, required to report to the Legislature. Now if it's not acted on, whatever I've submitted to the Minister of Finance will appear in this report next year. The letter and the amendments that I have submitted to

the Minister of Finance, I have no objection that they be made available here if it's all right with him but I can say this that if it doesn't materialize, next year I would certainly put in here what I have submitted and it would be available to committee.

**MR. CHERNIACK:** Mr. Chairman, let me get some clarification on this. These are suggested amendments to an Act of the Legislature, the Provincial Auditor reports to the Legislature, and this committee is the committee through which he makes reports or discusses his report to the Legislature. We are appointed by the Legislature to review the report with the Provincial Auditor. Since these amendments are not indicated as being some way to change or improve or check on government administration or scope of audit and it seems to me that we have as much interest as members of the Legislature and this committee in suggested amendments as would have the Minister of Finance and the fact is, under our legislative system, it doesn't need the government to bring in these amendments, it could be brought in by any member of the Legislature. Is that not so?

**MR. ZIPRICK:** Yes, I'm just . . .

**MR. CHERNIACK:** Then why is there any hang-up about saying "Well if the Finance Minister doesn't act on it then next year I will say he didn't act on it." What is the hang-up that the Provincial Auditor has in any way from saying "These are the amendments I would like to have considered by the Legislature." And here are members of the Legislature who have been spending now a day and a half dealing with his report and his problems. Now is there any problem that you have to get permission from the Minister of Finance to let us have copies of that?

**MR. ZIPRICK:** No, I don't see except I have not been reporting to this committee, I have been reporting to the Legislature. The Legislature refers the reports to this committee for consideration.

**MR. CHERNIACK:** Right.

**MR. ZIPRICK:** If I was authorized to make special reports I should really make that report to the Legislature which would be directed to the committee . . .

**MR. CHERNIACK:** The fact is, Mr. Ziprick, you are authorized to make reports to the Legislature whenever you want to. Isn't that correct?

**MR. ZIPRICK:** No.

**MR. CHERNIACK:** Under the Act.

**MR. ZIPRICK:** No, just once a year, this report.

**MR. CHERNIACK:** Under the Act does it not say that you have the right at any time?

**MR. ZIPRICK:** No, just once a year.

**MR. CHERNIACK:** Mr. Ziprick, is there not a procedure which I think you have outlined in the past, that if you felt that something should be brought to the attention of the Legislature before your annual report you have the right and even the obligation to do so?

**MR. ZIPRICK:** No. I said on one or two occasions that if there was something of such great importance that the stability of the situation might be in question I would, even though the law doesn't say I could do it, I think I would do it. But on any ordinary matters, the way the legislation is drawn now, I just make a report to the Legislature once a year.

**MR. CHERNIACK:** So you feel prevented by the legislation from distributing to us copies of your recommendations dealing with amendments to your legislation?

**MR. ZIPRICK:** Well I would be setting a precedent of what's been done before. Now if it's the feeling of the members that this be done, it's fine. I agree with you that the suggested amendments. . . And these follow closely along the line of what Canada, Ontario, B.C. and Alberta have done — Canada in the last six months, Alberta and Ontario in the last month and a half and B.C. about a year and a half ago — in generally improving control qualities of the Legislature. And this legislation is substantially based on the review of the committee of the Auditor General's position. So I agree with you that certainly it would be valuable information that the committee should have. I would be looking for guidance and I would be quite willing to do anything that's reasonable but the way the law is and the rules are I just don't know what the position is.

**MR. CHERNIACK:** Mr. Chairman, I want to clarify Mr. Ziprick's search for guidance. Is it enough if he gets it from me or does he want it from the committee formally, or does he look to the current

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Minister of Finance to give it, or the Minister of Finance who is described in this annual report who was a different minister at the time? Who is to give him the guidance?

**MR. ZIPRICK:** I would take it that if this committee, through the chairman, agreed that I should make that available, I would.

**MR. CHAIRMAN:** Mr. Minaker.

**MR. MINAKER:** Mr. Chairman, I might specifically state I am commenting as a member of the committee and not what necessarily would be the comments of the Minister of Finance.

The fact that the law states the method of reporting to the committee at the present time, I could see where precedents could be set if we requested that this proposed legislation change or amendments were given to us before the government received it. I could see then, if we allowed it here . . . MDC reports to the Economic Development Committee — is there any reason why then that if there were changes to the MDC Act, would the general manager of the Manitoba Development Corporation then forward us copies of the legislation? Similarly, would the general manager of Hydro, if there were proposed amendments to the Manitoba Hydro Act, would he forward it to Public Accounts? So, I hesitate myself to see that such a procedure takes place because of that.

I might comment that I haven't personally seen this review that's being proposed or the recommendations so that . . . I do know that the Minister has received it. It is my understanding, at the present time, because of the workload and so forth, I don't know whether the department has had an opportunity to review it or not.

**MR. CHAIRMAN:** Mr. Cherniack.

**MR. CHERNIACK:** Mr. Chairman, I want to make this very important distinction, that the Provincial Auditor is a servant of the Legislature, not of the government. MDC reports to the government and are responsible to the government. Mr. Ziprick is responsible to the Legislature, not to the government. Therefore that is a very important distinction and although I understand Mr. Minaker's point I just say it is not a good analogy to speak about MDC reports. But I would think that if Mr. Ziprick reports to all members of this committee . . . It won't receive it before the government receives it because the Minister of Finance, being a member of the committee will have received it. But I am not saying that it even should be concurrent. But now that it has been done and we are informed that it was done then if you like, Mr. Chairman, I will make a formal motion that the submission referred to in the last sentence of the first paragraph of Page 35 be made available to all members of this committee, if that will help Mr. Ziprick to know where he stands, for the guidance he is looking for.

**MR. CHAIRMAN:** You have heard the motion, is there any discussion? Mr. Minaker.

**MR. MINAKER:** I wonder if I could amend the motion to say the Minister of Finance be asked to give consideration to the committee receiving copies of the proposed . . . The reason I put forward the amendment in that manner, the Minister is not here — hopefully he wanted to report back here when we resume again and I think it is an important matter that I would like to see him as a member of this committee have a chance to be aware of what is happening — and it still leaves the door open to the chance of our committee, as members, having a look at this.

**MR. CHERNIACK:** Mr. Chairman, may I speak to the amendment?

**MR. CHAIRMAN:** The Chair is not clear exactly what the amendment is saying.

**MR. MINAKER:** The amendment is that the committee recommends that . . .

**MR. CHERNIACK:** Subject to the concurrence of the Minister of Finance.

**MR. MINAKER:** No, no, it asks the Minister . . .

**MR. CHERNIACK:** May I help Mr. Minaker to this extent, only to this extent. I think it is a matter of courtesy for us to delay consideration of this kind of a motion until the Minister of Finance is here and I would not like to push it. I would rather postpone it. I could not support the idea that he have a veto power over this motion but, by all means, I think it would be unfair to him to proceed with it now. But then I ask for the same kind of courtesy, that it not be dealt with until I get back because I won't be back at . . .

**MR. CHAIRMAN:** The Chair was going to suggest that since I am not immediately sure whether the amendment is in order that maybe it could be . . .

**MR. MINAKER:** I'll withdraw the amendment.

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**MR. CHAIRMAN:** . . . just held in abeyance and that maybe we could adjourn for lunch at this time and come back at some later time when Mr. Cherniack is with us.

**MR. CHERNIACK:** Mr. Chairman, I would appreciate that providing Mr. Craik is here. I will not bring the motion in his absence but I may not be here until about 3:30 or 4:00.

**MR. CHAIRMAN:** Fine, as long as we have the agreement with the committee that we can come back to this page to consider Mr. Cherniack's motion when he and the Minister are both here. Perhaps we can then adjourn for lunch.

The committee is adjourned and will stand adjourned until 2:00 p.m.