



First Session — Thirty-Fourth Legislature
of the
Legislative Assembly of Manitoba

STANDING COMMITTEE

on

PUBLIC ACCOUNTS

37 Elizabeth II

Chairman
Mr. Herold Driedger
Constituency of Niakwa



VOL. XXXVII No. 1 - 10 a.m., MONDAY, JANUARY 23, 1989.

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fourth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	LIBERAL
ANGUS, John	St. Norbert	LIBERAL
ASHTON, Steve	Thompson	NDP
BURRELL, Parker	Swan River	PC
CARR, James	Fort Rouge	LIBERAL
CARSTAIRS, Sharon	River Heights	LIBERAL
CHARLES, Gwen	Selkirk	LIBERAL
CHEEMA, Gulzar	Kildonan	LIBERAL
CHORNOPYSKI, William	Burrows	LIBERAL
CONNERY, Edward Hon.	Portage la Prairie	PC
COWAN, Jay	Churchill	NDP
CUMMINGS, Glen, Hon.	Ste. Rose du Lac	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DOER, Gary	Concordia	NDP
DOWNEY, James Hon.	Arthur	PC
DRIEDGER, Albert, Hon.	Emerson	PC
DRIEDGER, Herold, L.	Niakwa	LIBERAL
DUCHARME, Gerald, Hon.	Riel	PC
EDWARDS, Paul	St. James	LIBERAL
ENNS, Harry	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Laurie	Fort Garry	LIBERAL
EVANS, Leonard	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen Hon.	Virden	PC
GAUDRY, Neil	St. Boniface	LIBERAL
GILLESHAMMER, Harold	Minnedosa	PC
GRAY, Avis	Ellice	LIBERAL
HAMMOND, Gerrie	Kirkfield Park	PC
HARAPIAK, Harry	The Pas	NDP
HARPER, Elijah	Rupertsland	NDP
HELWER, Edward R.	Gimli	PC
HEMPHILL, Maureen	Logan	NDP
KOZAK, Richard, J.	Transcona	LIBERAL
LAMOUREUX, Kevin, M.	Inkster	LIBERAL
MALOWAY, Jim	Elmwood	NDP
MANDRAKE, Ed	Assiniboia	LIBERAL
MANNES, Clayton, Hon.	Morris	PC
McCRAE, James Hon.	Brandon West	PC
MINENKO, Mark	Seven Oaks	LIBERAL
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold, Hon.	Rossmere	PC
OLESON, Charlotte Hon.	Gladstone	PC
ORCHARD, Donald Hon.	Pembina	PC
PANKRATZ, Helmut	La Verendrye	PC
PATTERSON, Allan	Radisson	LIBERAL
PENNER, Jack, Hon.	Rhineland	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren	Lac du Bonnet	PC
ROCAN, Denis, Hon.	Turtle Mountain	PC
ROCH, Gilles	Springfield	LIBERAL
ROSE, Bob	St. Vital	LIBERAL
STORIE, Jerry	Flin Flon	NDP
TAYLOR, Harold	Wolseley	LIBERAL
URUSKI, Bill	Interlake	NDP
WASYLCIA-LEIS, Judy	St. Johns	NDP
YEO, Iva	Sturgeon Creek	LIBERAL

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

Monday, January 23, 1989

TIME — 10 a.m.

LOCATION — Winnipeg, Manitoba

CHAIRMAN — Mr. Herold Driedger (Niakwa)

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Derkach and Manness
Messrs. Cowan, Driedger (Niakwa), Gaudry,
Gilleshammer, Lamoureux, Roch, and Storie

APPEARING: Mr. John Singleton - Assistant
Provincial Auditor
Mr. Rick Mayer - Director, Special Audits
Mr. Charles Curtis - Deputy Minister of
Finance
Mr. Eric Rosenhek - Comptroller (Finance)
Mr. Gerry Gaudreau - Comptroller Division
Mr. Rodger Guinn - Comptroller Division
Mr. Gordon Kenny - Comptroller Division
Mr. Wayne McIntosh - Comptroller Division

MATTERS UNDER DISCUSSION:

Public Accounts for fiscal year '86-87
Public Accounts for fiscal year '87-88
Provincial Auditor's Report '86-87

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Clerk of Committees, Ms. Bonnie Greschuk: Will the committee please come to order? We must proceed to elect a Chairman for the committee responsible for Public Accounts. Are there any nominations?

Mr. Kevin Lamoureux (Inkster): Mr. Chairperson, at this point, with unanimous consent, we would like to have a committee change with Lamoureux for Rose, and Gilles Roch for Richard Kozak. At that point then I would nominate Herold Driedger to the Chair.

Madam Clerk: Are there any further nominations? If there are no further nominations, Mr. Driedger, please take the Chair.

Mr. Chairman: Before we begin I am supposed to announce the resignation from the committee of Maureen Hemphill, MLA for Logan, effective January 23.

I am pleased to inform the committee that at the Annual Conference on Public Accounts that was held last summer in Halifax at which Manitoba had no representation that Manitoba was elected second vice-president of the Canadian Council of Public Accounts

Committees. We had no representation at this particular conference as we had just had a provincial election. Our committee structure had not been set up and to date a Public Accounts Committee meeting has not been called. Therefore, we had no chairperson to send to the conference.

* (1005)

Mr. Jay Cowan (Churchill): This is to inform you that I will be replacing Maureen Hemphill as our caucus representative on the committee.

Hon. Clayton Manness (Minister of Finance): Mr. Chairman, I would like to indicate that Members from the Government side will be in attendance forthwith and they too will be replacing some of the Members. So I would ask for permission from Members of the committee that once they do come that they be allowed to replace Members as shown on the Public Accounts Standing Committee list.

Mr. Cowan: Are there the appropriate resignation forms for the Government Members?

Mr. Manness: We will provide that, or unanimous consent, somewhat like the Liberals have requested and received. Mr. Cowan, I am sure, who seems to be . . .

Mr. Cowan: It just means two Parties have their act to get together, that is all.

Mr. Chairman: Does the committee wish to proceed?

Mr. Manness: Mr. Chairman, what I propose, there are three basic outstanding items that the committee has to deal with.

First of all, the 1986-87 Public Accounts were not completed during the last Session and previous to that as a matter of fact. So they must be dealt with.

Secondly, the 1987-88 Public Accounts that were tabled were made public just previous to Christmas.

Thirdly, not because it is thirdly but because Mr. Jackson is not here today, the report of the Provincial Auditor to the Manitoba Legislature, which also was made public just before Christmas. To my understanding those are the three items of business that this committee has to consider over the course of its next number of sittings or however long it may take.

To that end, Mr. Chairman, the reason I wish that this committee sit down at this time was not in any way to try and rush this work through but to bring us together to give us, the Government, some understanding as to a timetable to put into place to do this work.

Secondly, to give members of the committee an opportunity to present specific questions that they may have with respect to either the Auditor's Report or Public Accounts for '87-88, such that the Government may be able to prepare responses to those questions, deliver them to the Members who were seeking responses and before we sat again.

So the purpose then of this committee meeting, from the Government's point of view, is simply to try and prepare an agenda so we can complete our work in due course; and secondly, to let members know that this probably affords the best opportunity to present specific questions which can be answered in greater detail on paper to Members.

So with that brief introduction, I would suggest that we possibly consider the Public Accounts for '86-87.

* (1010)

Mr. Chairman: Is that the will of the committee?

Mr. Jerry Storie (Flin Flon): Mr. Chairman, I think that is a good idea. I think actually it is going to work quite well because there is an opportunity for comparison here in a much more direct way than is normal and I think some interesting comparison. If it is understood that while we are going through the '86-87 accounts, we will also perhaps be referring to comparisons that are being made or that can be made between the '86-87 and the '87-88. So we are not limiting ourselves simply to discuss the one year in isolation.

Mr. Manness: Mr. Chairman, I do not mind that type of leeway, but it is allowed, I guess, because of the set of circumstances we find. I mean very rarely—I cannot imagine where it has ever happened in the past where you have been considering two years, two fiscal years, of Public Accounts. So I ask members of the committee to be judicious in their time as far as our comparing one year to the other. If they want to proceed at the same time on both accounts, well, so be it, and yet I would hope that to the extent that we can pass '86-87 quickly and then—or at least pass it first and then have it out of the way. I prefer that, but it is up to the will of the committee.

Mr. Storie: Mr. Chairman, just one other order of business. The Provincial Auditor's Report that the Minister was talking about was the '87, ending March 31, '87?

Mr. Manness: No, no, that has been passed. That was the one item that was passed at the early sitting of Public Accounts.

Mr. Storie: So do we have copies of the '88?

Mr. Manness: Yes, they were made available to all Members of the Legislature, I believe during the last week of sitting.

Mr. Storie: I did not get one, but there is one here next to me. Thanks.

* (1015)

Mr. Manness: Mr. Chairman, before we begin let me do some introductions of the people around the table who are not Members.

Firstly, from the Provincial Auditor's Department, Mr. Singleton, sitting closest to you, and Mr. Mayer to his right. Sitting to my immediate left is Mr. Charlie Curtis, Deputy Minister of Finance; Mr. Eric Rosenbek, Comptroller. Sitting against the wall thereover is Mr. Gerry Gaudreau, Comptrollers Division; Rodger Guinn from the Comptrollers Division; Gordon Kenny, Comptrollers Division, and Mr. Wayne McIntosh.

Mr. Lamoureux: Just for clarification, I am going to start off with the '86-87 Public Accounts and then move on to answering this one and to the next and then the Auditor's Report.

Mr. Manness: Mr. Chairman, that, of course, under the present circumstances around our Standing Committees, depends on the will of the committee. Certainly that would be my preference, yes.

Mr. Chairman: Shall the committee pass? Mr. Lamoureux.

Mr. Lamoureux: If there is no objection with the New Democratic Party, that is fine with us. We could go report by report.

Mr. Storie: Just one question, I may have missed when the Minister suggested that Mr. Jackson would be available to be with us.

Mr. Manness: No. Mr. Jackson will not be available to be with us today. That is why I would suggest that the Provincial Auditor's Report to the Legislature be dealt with either lastly or certainly at another meeting of this Public Accounts Standing Committee. Although, certainly if there are questions, Mr. Singleton and Mr. Mayer are here. I know they certainly can answer any of those questions.

Mr. Cowan: When will the Provincial Auditor be available to the committee?

Mr. Manness: I understand as soon as Thursday of this week—Wednesday of this week.

Mr. Cowan: I believe it is relatively unusual to have a Public Accounts Committee meeting without the Provincial Auditor available to the committee. I would ask the Minister if he knows of any other case that has been such?

Mr. Manness: I have been here since 1981 and I cannot think of other Public Accounts meetings during that time in which the Provincial Auditor has not been public or has not been present.

Let me say, Mr. Chairman, and I acknowledge that this meeting was called together rather quickly, only in an attempt to bring everybody to the table and to lay out a format. We are not, as the Government, wanting to push quickly the business of this committee. It is just that we are intersessionally. We do not have

the same opportunities as we otherwise might have to discuss before the meetings what it is we would like maybe to collectively, as three Parties, as to what it is we would like to accomplish. So I suggest that although Mr. Jackson is not here that there is strong representation from the Provincial Auditor's area that we dwell, that we focus on the Public Accounts per se. Yet, if it is the wish of the Member not to pass any aspects of these accounts, so be it.

* (1020)

Mr. Cowan: I am getting mixed signals here and perhaps just to clarify. The report of the Provincial Auditor on the Consolidated Fund financial statements of the Government of the Province of Manitoba come under the Provincial Auditor's signature, Mr. Jackson's signature, in the case of '87-88, and he will not be present here today. I think that is bad organization quite frankly. I also note that there are not any Government Members here and I think that is highly unusual for a standing committee, intersessionally or sessionally, to meet without anyone other than the Minister from the Government side.

I would agree with the Minister if he wants to have this meeting be an organizational meeting, and a meeting where we devise a format and lay out a recommended plan to deal with the Auditor's reports, but I find it somewhat hard to accept that we should carry on with the detailed review without the Provincial Auditor here or without, indeed, any Members of the Government side here. That would be a highly unusual occurrence and a precedent that I do not think we would want to start at this particular time.

The meeting was called and I appreciate the fact that the Minister wants to begin the process of reviewing the reports, and we will want to participate in that as well. But we do want to follow some of the standard procedures that have been set up over the House and re-enforced over the years for the House and committees of the House and re-enforced through all the meetings I can recall. The Minister has confirmed that in all the meetings he can recall, the Provincial Auditor has been present.

Mr. Manness: Mr. Chairman, I wish not to get into any type of an harangue right here. I can indicate that there will be Government Members joining us quickly. The Government at this time has a Cabinet meeting first thing this morning, but there will be Members coming from that meeting and will be joining us very shortly.

With respect to the business, yes, this is an organizational meeting in my point of view. I feel badly that Mr. Jackson cannot be here, but nevertheless there is representation from the Provincial Auditor's department and I think if there is a will to proceed, I feel we should proceed to the extent that we can. Any of the questions that require Mr. Jackson's comment certainly can be reintroduced at the next sitting of this committee.

Mr. Cowan: No, I do not wish the discussion to become a harangue either, but I think there are some important

points that have to be addressed: No. 1, would the Minister, when he was in Opposition, have felt that the committee was serving Opposition well if he had come to this table and the Provincial Auditor was not present? I ask that question because on numerous occasions the Members of the Opposition, who are now the Government, made some very strong representations and usually winning representations with respect to carrying the decision with respect to having people, particularly people who are in a leadership position and decision-making position and who have access to information present at committee hearings and that includes staff.

The Minister himself will recall on a number of occasions when, if not he himself, some of his colleagues, whom he supported objected strongly to proceeding on committee business without having certain individuals present. We have no case where the Provincial Auditor has not been present for, that I recall, and I may stand corrected but I cannot recall of any, for the discussion of Public Accounts. To start now having a meeting, for whatever reason that the Provincial Auditor cannot be available, of Public Accounts, particularly the first meeting of a new Government with respect to provincial accounts without the Auditor present, would be a bad precedent.

* (1025)

I do not know if we are prepared at this point in time to encourage that sort of erosion of the standard procedures that have guided this committee over many, many years. I do not say that to be critical of the Minister. I know there are times when the best laid plans of the Government sometimes go awry or astray, and in those cases the Government usually comes and says, look, we cannot get our Members to a committee because of an intervening event, which we did know about and did not take into account, or we did not know about which has resulted in our Members not being able to be here, or someone who is key to the consideration of the committee not being able to be present. In those cases, we have done whatever limited business we could do, but we certainly did not go into detailed discussions, adjourned the committee and waited until Members of the Government could be available, or Members of staff who are key to the work of the committee to be available. I would suggest that has been the precedence in these sorts of circumstances in the past and might well serve us on this particular occasion.

Mr. Manness: Mr. Chairman, all I have been trying to do over the last week and a half is to accommodate the beginning of the process. I recognize that Mr. Jackson is not here and if there is anybody to blame for that, that is probably myself, because I probably did not provide sufficient notice to the Provincial Auditor. But let it be said that Mr. Singleton, as the Assistant Provincial Auditor, has full authority to be at this table and to answer fully on behalf of the Provincial Auditor, just indeed as I do as the Acting Attorney-General have that authority in the absence of the Attorney-General (Mr. McCrae) when he is not here.

Mr. Chairman, I ask Mr. Cowan (Churchill) to understand where we have come from. If he says that

he does not want to proceed, so be it. He is one Member of the committee and ultimately maybe the whole committee wishes not to proceed. All I am saying is that the Government is reaching out, trying to put this process on the work. We have a backlog of work within this committee. This is the first step. We are sitting intersessionally and all I am trying to do is to accommodate that within the schedule of Government. If the Members wish to pass nothing until the attendance of Mr. Jackson, that is their perfect right to do so.

Mr. Storie: Mr. Chairperson, we want it understood that this is no denigration of the role of Mr. Singleton or other Members of the Provincial Auditor's staff. The fact of the matter is that Mr. Jackson has the authority to establish accounting policy with the Government.

The policies that we use in the Province of Manitoba and have used have been adjusted from time to time. There have been significant changes in accounting policy and the procedures and practices we use, and those need to be reviewed, an explanation given.

Mr. Jackson is the final authority when it comes to the reports before us and is the individual who has the responsibility of dealing directly with the Minister of Finance (Mr. Manness), other Government Ministers, departments when it comes to the accounting policies they use in our departments and Crown agencies, so it is important. There is a very, I think, understandable reason for the practice of having the Provincial Auditor present.

That would be the equivalent of not having the Minister of Finance here when we dealt with Public Accounts. The Minister of Finance ultimately has to take responsibility for the operations of the Department of Finance. Mr. Jackson has the ultimate responsibility when it comes to the preparation of the province's account, so I think the point that my colleague is making is an important one.

Whether we will want to proceed today, I think, is something for the committee to decide. I think we are prepared to proceed, but certainly we in all likelihood will be covering some of the same ground when the Provincial Auditor returns or when he is available to the committee.

Mr. Manness: Mr. Chairman, the Member is wrong on two counts. Firstly, it is the Government's responsibility to develop the accounting policies or format that it deems proper and takes full responsibility for doing so. The Provincial Auditor, Mr. Jackson in this case, reviews that and passes judgment and reports accordingly to the Members of the Legislature, so it is not up to the Provincial Auditor to determine the accounting policies that are going to be put into place.

Secondly, there has not been one occasion that I can think of where, when I have been in discussion with Mr. Jackson with respect to accounting policies, with respect to almost any subject or issue, where Mr. Singleton and/or Mr. Mayer have not been in attendance and been part of that discussion.

* (1030)

The Minister also says that the Public Accounts really could not go ahead unless the Minister of Finance was here. That is not true. There is an Acting Minister, and there are situations at times when Ministers cannot be in attendance, and there is a situation today when the Provincial Auditor cannot be here.

I take most of the responsibility for that, for his not being able to be here today, but I am asking Members if they wish not to proceed, so be it. Let us then set another date when we can, when Mr. Jackson will be here. I think there is an amount of preparatory work that can be done by all Members of this House so that our time can be more fully utilized the next time we meet.

Mr. Chairman: Mr. Singleton, do you still wish to speak?

Mr. Singleton: For the information of the committee, Mr. Jackson asked me to let them know where he was this morning and to give his regrets for not being able to be here this morning. He is in Toronto as chairman of a subcommittee of the Public Sector Accounting and Auditing Committee making a major presentation to them this morning on transfer payments, and this was scheduled some time ago and he was simply not able to reschedule it in order to be here this morning.

Mr. Storie: Well, Mr. Chairperson, there was no intention on reflection, reflecting on Mr. Jackson's absence. The Minister has already acceded that the responsibility for his absence perhaps is his because of lack of notification of the meeting.

The point that we are making is that there are two problems with the committee before us this morning. One is the Provincial Auditor is not here; that is a breach of precedent, a breach of practice and probably going to mean the work of the committee will be extended for some period of time. On top of that, there are still no representatives from the Conservative Party here, the Conservative caucus here, which is somewhat unusual—

An Honourable Member: Outside of the Minister.

Mr. Storie: —outside of the Minister, I should say. So we are off to an inauspicious start to the committee.

We can certainly proceed to review certain questions, but I think we will want the Provincial Auditor to be in attendance to ultimately respond to questions about his perception of the Government's policies. I stand corrected. The fact of the matter is that Mr. Jackson, in commenting on the Government's accounting policies, does change the practices and the Provincial Auditor's view of how those practices should be occurring from time to time. There have been significant changes as a result of his views in the two years that we are actually looking at, both with respect to the reporting of Crown losses and with respect to the liability, particularly from our pension liability, from Crown corporations in the Government. There have been other changes as well in the view of the Provincial Auditor which are represented in the comments the Provincial Auditor makes about the Government's practices.

So we are not simply number crunching here. We are talking about accounting policy, both the Government's and the view of the Provincial Auditor with respect to those policies and they are not fixed. They change from time to time and we need to know the Provincial Auditor's current view of Government practices and his current view of auditing practices in general before we can make much sense of whether we are making progress in terms of accounting for public funding or whether we are going backwards. So it is important.

Having said that, that does not mean we cannot proceed to raise a number of questions that perhaps each of us around the table has and get them answered for our information in the interests, as the Minister suggested, of getting the process going.

Mr. Cowan: Did not the Minister check with the Provincial Auditor before scheduling this meeting?

Mr. Manness: Mr. Chairman, Mr. Curtis checked on my behalf.

Mr. Cowan: Was the department or the Minister informed that the Provincial Auditor would not be available for this meeting before the Minister's office called the Official Opposition and asked them, on short notice, if they would be prepared to attend this meeting?

Mr. Manness: No. Mr. Chairman, as the Member knows, because he was one of the ones I asked from the Opposition Party whether or not we could achieve a meeting some time this week, various dates were given and it took some time to select one of those dates. The one I guess ultimately selected by the political Parties was the one that did not satisfy obviously the Provincial Auditor.

Mr. Cowan: I am sorry, the Minister was not involved in all the discussions, but I will put on the record how the discussions went, because that is not an accurate representation of the way in which the process unfolded.

There was a phone call asking if we would be prepared to meet on specific times. Our caucus very clearly indicated that it would prefer to have this committee start its meetings late last week. That was our position and the Minister is aware of that.

We then received some indication that would be looked at, that there were a number of parties that had to be contacted to determine when the best meeting date would be, and I would assume that one of those parties would be the Provincial Auditor.

It was then that we received a phone call, I believe late last week. By that time we had figured out that there was not going to be a meeting in Public Accounts late last week and we were asked if Monday would be okay. We said Monday would be okay, but we based that approval of this meeting date on the assumption that the Provincial Auditor would be available, because one would have no reason not to assume that.

Perhaps it was silly of us not to ask the question, but the fact is that the Provincial Auditor having not

been available before did not give rise to any suspicion on our part that we would be having the first Public Accounts meeting without the Provincial Auditor here to answer questions.

Again, I want to reinforce what my colleague said. It is in no way a reflection on the Provincial Auditor, the fact that he cannot be here, because we expect that it is the responsibility of the Government to set meetings when the Provincial Auditor can be present, and it is no reflection on the staff who are here. They too can answer the questions very capably but it has been the practice and the precedent—and that is what we are trying to protect—of this committee that the Provincial Auditor be available to the committee when it meets, so the process as the Minister suggested is not entirely accurate.

I do not say that he is trying to misrepresent it. I am just saying that he was not involved in all of the phone calls and perhaps did not fully appreciate the fact that we were operating on the assumption, which we believe to be well-taken, that the Provincial Auditor would be here.

Had the Minister said we want to meet on Monday, but the Provincial Auditor is not going to be here, then we would have had to have taken that back to our caucus and discussed it and made a determination as to whether or not we wanted to meet without the Provincial Auditor being present. So I think the Minister is really quite—I do not want to overstate the case so I am not going to say that he has bungled the meeting, I am going to say that he could have better organized the meeting so that the Provincial Auditor could be here.

I see him looking at the clock and saying, my goodness, when are we going to actually start the business of the committee in his own mind, and, yes, we probably should have started a half hour ago and would have, had there been a bit more preorganization go into the meeting, or had the Minister's office been more forthright when they called last week and said we want you to meet on Monday, but the Provincial Auditor will not be present.

I would ask the Minister, and I realize I may be treading a bit on Cabinet confidentiality, but did not the Minister understand that there was a Cabinet meeting on the very same morning that he was scheduling Public Accounts and that would have a profound impact on the number of Conservative Members who could be in attendance, although that is not a reason for the backbenchers not to be here. It has been given as a reason for the Minister for other Members not to be here.

Mr. Manness: Mr. Chairman, let me say, firstly, that I can remember sitting in many Public Accounts over many years and seeing virtually no other Members of Government there at that time, so I do not take it as a major point to be made by Mr. Cowan at this point in time. I think my colleagues have enough trust in my being here along with the representation of the Members of the Opposition that the work of this committee will be handled in the best possible way.

With respect to the calling of this meeting, Mr. Chairman, I have put on the record my feelings with respect to some of the way the meeting has come to be. It was because of the fact that I saw what was going on that I made the decision that we should sit today and try and organize ourselves into the future somewhat differently. I had no great expectations that there were going to be a number of points covered today.

I know Mr. Curtis was in conversation with Mr. Jackson on Friday. At that time, Mr. Jackson indicated that he felt that the '86-87 Public Accounts could proceed in his absence. Indeed, he felt that '87-88 Accounts could be dealt with in his absence given that Mr. Singleton, particularly, was going to be here.

Now, I would rather Mr. Jackson be here, but he is not. I made the decision that we should proceed with this meeting and try and organize our affairs around this table rather than by way of a phone call and a whole host of other ways. That is all that I am doing. I am pleading to Members of the committee, let us do what we can do today. If we cannot do anything, fine, we will rise but at least, at this time, it is an opportunity where Members of the committee have an opportunity to direct specific questions to me, as the representative of Government, with respect to the Public Accounts '87-88 and indeed may want to provide specific questions to the Provincial Auditor giving some advance notice as to what response or a response in what area that they may like to have. That was the intent, nothing more.

Mr. Cowan: I asked the Minister when the Provincial Auditor will be available to the committee.

Mr. Manness: I understand Wednesday, Mr. Chairman.

Mr. Cowan: I may stand corrected on this, because it was a quick phone call, but I believe the representative from the Minister's office, when he spoke to me, and perhaps said the same thing to the Liberal caucus, indicated that we would meet today and we would continue to meet each day until we finish the business of the committee for this week, hopefully that we could finish the business of the committee this week. I would ask the Minister if that is his indication or if he is suggesting that we should undertake some organizational work today and then not meet again until Members of his own caucus are available and the Provincial Auditor?

Mr. Manness: I have no illusions that we were going to complete the business, as I have laid out in the time frame of this week, whether we had one meeting or two. I was under no such illusion. As I indicated, certainly to the Member, Mr. Cowan, I felt that we should have an organizational meeting today and that some of the heavier work here would probably be done in March. That is what I have been saying to some people. I did not see how it was that we could conclude all the work of Public Accounts, if indeed we are going to give it the full scrutiny that these financial matters and these accounting matters should have. I did not think that it could be done in the terms of this week.

Mr. Cowan: Certainly, this is the first indication I recall, perhaps I forgot—but I do not think I did—that this committee might also be meeting in March. The Minister said that he would have liked to have seen the committee finish its business as quickly as possible and if that could happen in one meeting, fine, but, if not, we would have a series of meetings indeed. His staff from his office said that series of meetings would run this week, I thought. Now maybe there was a miscommunication there or maybe I misinterpreted what was being said to me but that was certainly my impression and the impression which I relayed to our committee Members and others in the caucus, after having received the phone call.

Indeed, if we go into March, if we have scattered meetings, that is fine, we have no objection to that. We would just like to make certain that when we have those meetings that, firstly, the Provincial Auditor is present at all of them; and, secondly, that the Government show some respect for this committee by having its Members present. The Minister said that he had sat through many Public Accounts meetings where Members of the Government were not present when he was in Opposition. I think if he reviewed the record more clearly, he would find that was not the case.

* (1040)

Firstly, the matter of a quorum. It is not the responsibility of the Opposition Parties to form quorums for committees. Quite frankly, we feel that it shows a bit of disdain for the work of the committee for the Minister to come in here and expect all the Opposition Party Members to be here but not his own Members to be fulfilling their own responsibility to be a part of the committee and to also fulfill the quorum requirements.

I do not know whether that means his members are not interested in Public Accounts because that is what it would say to me on the surface, or if the Minister does not want to have his Members here because of some reason known only to him and his members, and I do not think that to be the case. It can only be one of the two, either they are so uninterested in our work that they find other things to be a priority over this committee, or the Minister would not want them here and has asked him not to be here and, as I said, I do not think that is the case.

I have no objection to this meeting being an organizational meeting and for some questions of policy being put to the Minister. Once we have finished that then I think we should adjourn the committee so that we can go through the detailed reviews when the Provincial Auditor is present. Again, that is no reflection on individuals. It is I think a reinforcement of the practice and the precedent which we would not want to see eroded, even inadvertently, by the failure of the Minister to adequately organize the meetings so that the Provincial Auditor could be present. We think it shows a bit of a failing again although I do not want to overstate the case of the ability of the Government to get its house in order.

It was hard work as House Leader in Government to make certain that we had quorums at committees

all the time and make certain that we could win votes, although that is not the goal of the present Minister because they are in a different situation. But we were I think very diligent and very committed to making certain that Government participated in the workings of Government—Government members participating in workings of Government—as much as did Opposition. There were different circumstances then, granted, but I do not think the fact that we are in a minority Government means that the Government members should pay any less attention to these meetings. As a matter of fact, they probably should pay more attention to these meetings.

So we have seen the Minister unable to get the Provincial Auditor here; we have seen the Minister unable to organize meetings so that his members are here. In spite of those failings we are prepared to deal with organizational issues and some policy issues, but I would be extremely opposed to going into the actual Public Accounts for fear of setting precedent without the Provincial Auditor here.

Mr. Gilles Roch (Springfield): Mr. Chairman, we have been talking about whether or not we should have—will this be enough for the last 45 minutes. It seems that we have one of two options here. Either we carry on with the meeting or else we will reschedule for another time. There is no point keeping on the discussions as to whether or not the meeting should go on. I would like maybe the Chairman to seek what the will of the committee is.

Mr. Lamoureux: Mr. Chairperson, I just want to ask the Minister, in previous Public Accounts meetings, has the Provincial Auditor been here when we were reviewing the Public Accounts in the Provincial Auditor's Report previously?

Mr. Manness: Mr. Chairman, the Provincial Auditor has almost in my best recollections always been here, but remember the history from where we have come. Last year was the first year we ever had Public Accounts that I can remember outside of Session, much through the urgings of myself, because I felt that it was just so critical that Public Accounts be dealt with during the time that we were not in Session or as close as possible to release of public information. It is much more difficult to arrange the affairs of committees outside of the Session. It must be, because it has never been done in respect to the Standing Committee, the Public Accounts have never been done before last year.

So it takes some greater organizational abilities to bring off the sitting of a Standing Committee between Sessions and that is not going to prevent me from trying to go ahead and do it at the earliest time and it is not going to prevent me from trying to do it, recognizing fully well that it is more difficult, because when you are in Session you have everybody there. Everybody is in the proper mood and well and the understanding of where it is they are supposed to be. There are not holiday factors that one has to consider, but nevertheless I deem that it is important that we try and hold Public Accounts meetings as quickly as possible after the release of the information, and that was my intent.

Mr. Lamoureux: Mr. Chairperson, I will assume then the Provincial Auditor has been then present at previous meetings. I am sorry to see that he is not here, and thinking in terms of the committee structure and members that are on the committee can be changed at any point and given time, that one would think that the Provincial Auditor would have some priority along with the Minister in ensuring that those two people in particular are here and present so that if the NDP or if the Official Opposition have questions that they would like to put forward to the Provincial Auditor that he would be there. In fact, he or she would be there to address those questions and concerns that we might have.

I would also like to stress at this point my disappointment in not seeing the Government having their Members here at ten o'clock except for the Minister, of course. On several occasions the Official Opposition apparently seems to fill in and have their Members here in order to maintain a quorum. It is not the Official Opposition's role to ensure that the quorum is there at all times. We partake in it. We ensure that we have our Members here. Our Members are interested in the proceedings. I am sorry to see that none of the other Government Members at least have the interest in being here. It is very disappointing. At that point I would ask the Minister to comment.

Mr. Manness: Mr. Chairman, I am just beseeching upon Members who have legitimate questions with respect to Government accounting policies and some of the Public Accounts figures that they want answered, that this meeting has been provided as an opportunity for them to put that on the record so that my department staff can provide the detailed answers with respect to the questions that they want.

All I am trying to do ultimately is to save the time of the Members and, indeed, of finance staff, the comptroller's staff. If there are no questions that are going to require full response, and I am saying response beyond the verbal remarks that we would make at this table requiring in-depth analysis, if there are no questions forthcoming from this committee, then I suggest that we rise and then we go directly to the next time when the Provincial Auditor is here and do our best and let the Provincial Auditor do his best to let myself do my best to answer those questions verbally.

All I wanted to do today was to provide to Members an opportunity for them to put questions which would elicit a greater response so that I could more fully answer those questions. I just wanted to provide them with that opportunity. If they do not want it, so be it.

Mr. Lamoureux: The Minister mentioned previously that this committee could meet in the future, in March sometime, to finish up. In his opinion, would we be better to wait till this March date, or to have another date when the Provincial Auditor would be able to be available and we can meet again?

Mr. Manness: Mr. Chairman, I understand why the Members want the Provincial Auditor here. We have though in our presence today the Assistant Provincial

Auditor who, in my view, could answer 95 percent of the questions with respect to some of the specific items, the specific accounting policies, the specific numbers and financial statements on any of the two Public Accounts years.

I really question why it is that the Members do not want to proceed to do some business at least. If they feel that only the Provincial Auditor can answer those questions, or if they feel that we are setting a horrible precedent which, of course, I am sure we have not—I am sure somewhere back in the history of time the Provincial Auditor has not been here for some reason, so be it. The combined Opposition are in control of this committee. Mr. Chairman, indeed, you are sitting here. A tremendous weight has been given to the Opposition on this very important Standing Committee. Indeed that is why there is a Member from the Opposition that is in the Chair.

* (1050)

An Honourable Member: Traditionally, the Opposition Member has the Chair.

Mr. Manness: That is right. Exactly. That is the point I am trying to make. There has always been, by tradition, an Opposition Member chairing this committee because of the very great weight given to the Opposition Members. If Members wish not to move along in an orderly way and try and present some questions that they would want answers to, well then we might as well rise.

Mr. Lamoureux: I am concerned about setting a precedent here in which the Auditor is not here. Does this then mean that in the future whatever type of committee meeting or Estimate process that the Minister does not need to have the people that should be here present? If in fact we are not setting a precedent here then I would have no objection in us continuing on. I will leave it up to the will of the committee in terms of whether or not to continue ahead, go ahead.

Mr. Manness: I resent the overtones, a little bit, of the question. Certainly, Finance people are here in totality. The Provincial Auditor's Department is extremely well represented. It suggests to me that Members opposite feel that they have an issue but it says to me they have very little to ask with respect to the financial accounts of the province because this is an opportunity for them just to lay their concerns on, indeed for Members opposite to present detailed questions, if they so choose.

Mr. Cowan: The more the Minister speaks, the more he prolongs this part of the work of the committee. Firstly, let us deal with some of the things he has said.

He suggested that we have very little to ask or that it suggests to him that we have very little to ask because we are concerned about supporting and upholding the practice, the tradition and the precedent of this committee. That is not the case at all and I think he tries to deflect attention by that statement away from his own inadequacies in organizing this meeting or the

inadequacies of his staff or the inadequacies of his House Leader because it is the responsibility, of course, of the House Leader to ensure that committees, whether it be intersessional or Sessional, do function well.

It is not that we have very little to ask at all. It is that when we ask those questions we do not want to have to ask them twice—once not with the presence of the Provincial Auditor and then again with the presence of the Provincial Auditor. He suggests that Members are not prepared to move in an orderly way to conduct the business of this committee. Let me tell the Minister, the orderly way to conduct the business of this committee, and we would have already been an hour into the questioning, is to have the Provincial Auditor here and to have his own caucus Members here. So if there is anyone who has delayed the work of the committee it is the Minister or those who are responsible for organizing this committee because they did not practice the orderly traditions of having Conservative Caucus Members present or Government Members present and the Provincial Auditor.

The comment he made about the combined weight of the Opposition being such that it has placed a Member in the Chair has already been addressed by the Member for Springfield (Mr. Roch). Traditionally, it has been an Opposition Member that has been in the Chair of the Public Accounts Committee. It has nothing to do with the combined weight of the Opposition. It is a tradition not only in Manitoba but it is a tradition in many other provinces in this country and goes beyond that of a minority Government situation. So it is not the combined weight of the Opposition that has placed the Member from the Opposition in the Chair, it is the tradition of this particular committee.

With respect to his comments that there are greater organizational difficulties in having intersessional committees is one that I want to address. He indicated that it is more difficult because you do not have people in the proper mood and will and the holiday factors in getting people here. The fact is that the Opposition has had its full complement of Members here. The New Democratic Party Opposition, by the way, did it in the proper fashion, had the written resignations available and substituted, by leave, the Liberal Opposition and we granted that leave because we know that you picked up the requirement to have those written resignations in place, mainly out of practice rather than anticipation.

The Government should have known that if they were going to have Members fill in for other Members who are on the committee they should have had those written resignations here and they did not. What that tells me on the part of the Liberal Party is that the next time they will have the written resignations available, and what it tells me on the part of the Government is they were sloppy in three instances in this committee.

POINT OF ORDER

Mr. Lamoureux: On a point of order, Mr. Chairperson.

Mr. Chairman: Mr. Lamoureux, on a point of order.

Mr. Lamoureux: On a point of order, the Official Opposition had changed the committee through

consensus, which was agreed upon during the Session actually, and it is just a continuation of doing that. We did not think anything was wrong. After all, a precedent was set.

Mr. Cowan: Mr. Chairman, a point of order. All I was suggesting is that one should not be critical of the Liberal Opposition for the way in which they change their Members, knowing that they will do it in the proper fashion, having now realized what the proper fashion is.

It was not a reflection on them at all, and it is something that every Opposition has to learn through practise more than anticipation. It is just one of those minor points that come up from time to time that we learn from.

With respect to getting people here, the Government has people here in this building all the time. As a matter of fact, one of the things the Government likes to say, and we said it and this Government said it as well with respect to carrying on the Session, is go ahead and carry on the Session because we are going to be stuck here anyway in our offices all the time. That is sort of an implied threat that carrying on the Session is more of a burden on the Opposition than the Government and I am certain was taken in the same way when we said it as it is when they say it, but the fact is that the Government does have its Members here all the time.

The Government should be able to do at least what the Official Opposition did and that is get a complement for the committee present. If they have to change committee Members, there is a way of doing that. They should not schedule a committee on a day when they know that another meeting is going to distract their Members and take them away from this committee, but even so, if it is a Cabinet meeting, they still have six backbenchers which they could get a few people present from at least, so I do not think that it is any more difficult to organize intersessionally than it is to organize sessionally.

The fact that it was not done in the past was because primarily out of practise and precedent we did have intersessional committees but it had been the long-standing practice of the House to have the committees during the Session.

The Minister makes a good point. He pushed hard and others pushed hard to have some intersessional meetings and we did have intersessional meetings and we had them, we had the Provincial Auditor here and we had the Government Members here, and it was no more difficult to do that. As a matter of fact in some ways it is easier intersessionally because you do not have the intense pressures of being Government on at least your Cabinet Members present at the same time, so they do have a bit more time to attend committee meetings. The fact is that it is no more difficult; it is probably easier. The fact is that you just did not organize it very well.

I just want to respond to what the Minister said and I felt it was important to do so. Having said that, we are prepared to deal with organizational issues and we are prepared to deal with some policy issues while

we are here and then adjourn the committee and have the next meeting. I do want to ask the Minister, because it is something different from what I was told by his staff, for clarification with respect to the next meeting, that we would have further meetings of this committee this week. It is not that we need further meetings of this committee this week. It is not that we are pushing for further meetings of this committee this week, but that is what I was told by his staffperson when I was called. At least that is my recollection of the phone call.

The Minister is now saying we will have further meetings in March. I would ask him for some clarification because it does deal with the organizational issues of the committee undertaking its work over a period of time. Is he saying that we will have this meeting today, we will conclude the business that we can today and we will not meet again until March, or is he saying that it may be necessary to carry on a series of staggered meetings until March, given that we might have to meet in the latter part of January yet, and February?

* (1100)

Mr. Manness: Mr. Chairman, I must admit my thinking has changed a little bit over the last hour. I suppose we are best to set a couple of hard days in March and work towards them. All I have tried to do here again is try and provide an opportunity for legislators to review the Public Accounts sooner rather than later, nothing else. I recognize we are on a couple of points and I could not have everybody in attendance at this table. I felt that the greater good though was served if legislators had an opportunity to review the Public Accounts of this province more quickly rather than more lately. So I see that has failed, it certainly failed in this past hour. So what I will attempt to do then is to set some specific hard days in March, two months hence and we will work toward them. With plenty of notice, indeed everybody will be here, but if I question whether or not we are giving—in essence, Mr. Chairman, we will be reviewing '87 year-end accounts almost two full years after the fact. I do not think we are serving the best interests of Manitobans when reviewing accounts that late.

So I admit I failed in trying to bring some organizational part to this. I admit that we did not do what I hoped we could do. So let us rise and move it till March.

Mr. Chairman: Could I then ask what the will of the committee is in respect to this? Mr. Cowan?

Mr. Cowan: Still some questions. Why March rather than February?

Mr. Manness: Mr. Chairman, I am fully aware of some of the responsibilities and duties of certainly of myself through the month of February, and February is, from my perspective, the least desirable of late January, February, and indeed March.

Mr. Cowan: So the Minister is saying even if the Provincial Auditor had been here today and we had

started the work of the committee and we proceeded along with the work of the committee, that we would not have met again until March?

Mr. Manness: I had indicated that Thursday of this week was also—I believe the Member for Churchill, Mr. Cowan, had indicated that Thursday was also a date acceptable to him. I cannot remember what Mr. Lamoureux had said with respect to the Liberal Party and Friday certainly was not acceptable to Members of our Party. So I thought that there were potentially two dates this week, and to the extent that February was a very heavy month for myself, I guess I have preferred not to have had February as a potential.

Mr. Cowan: The Provincial Auditor would be available on Thursday?

Mr. Manness: Oh, yes. He would be, Mr. Chairman, since Thursday date became available, I believe that I may have a major pending situation that precludes me from being here Thursday, which has just come to my understanding as of Friday last. That is the difficulty that one has planning hard at this time of year with Ministers who are not always here and who are called away on a moment's notice.

Mr. Cowan: So the fact that we will not be meeting until March is purely as a result of the Minister's decisions, not as a result of what happened at this committee meeting today, and not as a result of the fact that the Provincial Auditor was not here today, but just because on the day that it is available—and by the way I understand that the Liberal Opposition has indicated any day from Monday to Friday is good for them. I have indicated that on short notice we would have our Members here, and indeed it is easier because we only have two Members of the committee, but we would have our Members here or we would let the committee proceed with whomever was here.

We have in every instance responded positively to request for meetings. On some occasions, we have said we would prefer other days over the days that are being suggested but when push came to shove then it was required for us to be here on a day that was perhaps not one of our better days, we did make our people available. We have done that in the past and we will do that in the future. So if we are not going to meet till March and we are not going to meet to discuss the '87-88 Public Accounts until that particular time, that is the responsibility of the Minister. If the Minister finds that to be a less than acceptable situation, then it is up to him to change that situation.

I am telling the Minister that we are available this week. We have indicated already to his staff that we would be available this week to continue meeting. It was my assumption that we would meet on an ongoing basis day by day until we finish the business of the House, but I may have misconstrued or misunderstood or misinterpreted what was being said to me, but I will still make that offer and indicate that we would be prepared to do that.

If we are not going to meet until March, so be it. The Minister will be criticized for that. I think it will be

justifiable criticism. The Minister has to very clearly know and admit to the fact that the calling of the Public Accounts Committee is mostly within the responsibility of the Government. They could have called Public Accounts before the last Session had they wanted to. I know they did not want to and I know the reasons why they did not want to. They were trying to get prepared for an early Session. It was their decision to have an early Session. The fact that we did not meet before that early Session was a reflection on the Government, not on the Opposition, the fact that we did not meet during the Session.

There was lots of time during the Session. As a matter of fact, the Government indicated how long they thought the Session was going, and how it was going much too long. As a matter of fact, it went over 100 sessional days. During that time, as had been done in the past, if there was an urgency to discuss previous years' Public Accounts, we could have met. We agreed to every committee meeting that was requested of us, both Opposition Parties. We are prepared to do that sessionally and intersessionally.

So, if we are not meeting until March, please do not suggest that it is as a result of the Opposition not wanting to meet until March. We want to get this work carried on. We wanted to awhile back. We have been patient with the Government. We just cannot stand around anymore and let the Government continually abuse, not intentionally, but unintentionally the practice and the precedents of the House and the committees.

We bailed them out quite a bit during the House with respect to the organization of the business of the House. We did that because they were a new Government and they were learning. We think it is now time that they were able to manage their own affairs without having to rely upon the Opposition to have a quorum available, without having to rely upon the Opposition to give leave to undertake a number of activities, and without having to rely upon the Opposition to set aside practices and precedents of this House because they failed to organize their business properly.

Mr. Gilles Roch (Springfield): I will be quite frank here. I was not originally scheduled to be on this committee. Because one of our Members, due to personal reasons, was unable to be here, I rearranged some plans to be here so we would have our full contingent from the Official Opposition caucus.

I am frankly a little bit disappointed that we spent over an hour now talking about whether or not we should be having this meeting. I think that I have to agree, to a certain degree, with the Member for Churchill (Mr. Cowan) that it has not been well organized. I think that rather than keep on talking about it, let us reschedule it. Let us have some firm dates and let us make sure that everyone, Opposition Government, staff members, be here and we will get the business done rather than asking philosophical questions, and talking about whether or not we should be having this meeting today. I strongly recommend it would be rescheduled.

Mr. Lamoureux: The Minister responsible for the reports that we are supposed to go over today has

requested that the committee rise. I would agree with the Minister that the committee rise.

Mr. Manness: Mr. Chairman, before we rise let me say this. What is patently obvious is that the Opposition does not have one item to contribute to this Account Standing Committee.

The Government is fully prepared to answer every question with respect to a specific item, every number to specific accounting practices, with respect to any issue brought forward in the Public Accounts. What is obvious is that Members opposite really do not have an understanding of from where we have come. I can understand the Members of the New Democratic Party, these are their Public Accounts. These are their results. I can understand why they do not want to enter into any discussion with respect to Public Accounts of '86-87, '87-88, fair be it, I understand that.

* (1110)

I am really surprised though that the Liberal representatives who sit here today and who I have tried, in some respects, to reach out to and say to, let me know what is of interest to you. Let us respond in greater detail to some of your concerns so that we can best use the time of the committee, not today but in times to come. There has not been one question of notice presented by either Opposition Party. If they wish not to do so verbally, I still will accept that by way of writing. If they want to provide a list of questions to us, that we will respond to them hopefully before the next sitting of this committee, then we will make every effort to respond fully so that we can enter into a greater dialogue. But what is obvious to me is that Members of the Opposition really could care less about the finances and the accounting of the Province of Manitoba and are more concerned about making a political point. All I have tried to do—

Mr. Roch: You only have one Member here. Who could care less? It was you.

Mr. Manness: Mr. Chairman, the Member for Springfield (Mr. Roch) says we only have one Member here. Those Members will not be asked—I do not presume—there are three Government Members in this room. If the Members want to, if they want to schedule the meeting then, if they want to begin right now at eleven o'clock now that we have three Government Members, I am prepared to continue until two o'clock this afternoon, if they are prepared to do so, or even for another hour. There are three Government Members here, sitting in attendance in this room. So what is obvious to me is that the Members really do not have any questions of substance with respect to financial matters, with respect to accounting policy. They would rather make the political issue, that organizational comings or shortcomings are of more importance than the public affairs, the public financial affairs of the Province of Manitoba.

Mr. Cowan: Let us put the record straight. The Opposition have said they are prepared to sit here to discuss policy issues and organizational issues. What

is obvious, at least myself and I think to others, is that the Government cannot organize one simple standing committee meeting. They cannot get the Provincial Auditor here; they cannot get their own Members here. They say they have Members present. They now have a third Member on the committee or present here to attend the committee. I do not know if they are committee members; they can be put on the committee. The first came at 10:45 a.m., 45 minutes after the committee was scheduled to start. It was the Opposition that maintained quorum, started quorum up until then. The Government could not even get a quorum here and that is not the first time we have seen that problem with this particular Government. The next Member came in at 11:10 a.m., and the third Member, not members of the committee, but at least Members of the Conservative caucus, came in at 11:15 a.m.

So what is obvious to me is that you cannot organize very well. You cannot plan very well and then you expect us, the Opposition, to give up our rights and privileges and to erode the practices, precedents and traditions of this committee by suggesting that we continue on without the Provincial Auditor here.

The fact is that the Opposition cares enough about the financial matters of this Government and of this province to have its Members here on time and present and ready to debate. The Opposition cares enough about the financial matters of this province to want to have the Provincial Auditor present when they ask questions. It is not the Opposition that does not want to enter into the debate. It is, indeed, the Opposition that wants to enter into the debate, as shown by our presence here, and our insistence on the normal practices, procedures and traditions being followed.

The Minister said that one of the things he wanted to do with this committee meeting was to set up an organizational schedule of the committee. Then he tells us that we will meet today and perhaps we could have met on Thursday, but not he has something that is pending, that may take him away from being able to meet on Thursday or make him unavailable for the committee on Thursday. We cannot meet during February because of his heavy schedule. We are now going to set some firm dates in March, even although he thinks it is wrong for us to be dealing with the Public Accounts materials that are available to us almost two years after the fact. We will agree it is wrong but that failing is of his own making and no one else's.

We are still prepared to discuss organizational matters. I would like to discuss at this table the meeting times. I do not think it is good enough for the Minister to say, I am sorry, I cannot meet further this week, and I cannot meet in February, and we are now not going to meet in March, and at the same time say that he thinks that should be unacceptable. He knows that would have been unacceptable had he been in Opposition. So let him not try to deflect attention away from his own failings. Having said that and as I indicated earlier, every time the Minister says something he gets us in deeper and prolongs this debate longer than it should because he tries to make up phony excuses for things for which there are no excuses. The fact is they bungled the meeting. We are prepared to overlook that

at this time. We are prepared to accept the fact that they are going to get their act together over time as they work their way through difficult circumstances such as this and we are prepared to discuss policy and organizational issues.

I would like to have further discussion as to why it is this committee cannot meet further in this week, which was an indication that was given to me by the Minister's staff. I look to the Liberal Opposition. They say that indication was given to them as well and now the Minister says it cannot be done. Again we see an example of not being able to plan, not being able to pull together a simple Standing Committee meeting intersessionally. I would also like to talk about why it is we cannot meet in February. There may be some dates that are available in February. If the Minister thinks it is important that we deal with these matters quickly, and he obviously does, then let us take every advantage even if it does mean that we have to put aside some of our own personal priorities or, as the case may be, Government priorities.

So the fact is that we are prepared to discuss organization today and how this committee does its work. We are also prepared to ask some policy questions of the Minister which may later be asked of the Provincial Auditor but are generally within the purview of the Government with respect to developing policy.

Mr. Chairman: Is it the will of the committee to proceed? (Agreed)

Then before we proceed, I just wish to make the committee aware that Mr. Manness had tabled Public Accounts for the period ended March 31, 1988, but did not table the Provincial Auditor's Report for the period ended March 31, 1988, nor has the Provincial Auditor's Report for the period ended March 31, 1987 been considered by a Public Accounts Committee.

Mr. Manness: That is not true.

Mr. Cowan: The Minister indicates that is not correct, to rephrase it into parliamentary language. Perhaps we could have an explanation.

Mr. Manness: I have got Standing Committee on Public Accounts, two sittings in 1988, January 26, 28. We will review those and report in a minute or two.

With respect to the Provincial Auditor's Report for the period ended March 31, 1988, that was supplied by the Provincial Auditor, as has been usual practice, to all Members of the Legislature. I do not table that. That is presented directly to all Members of the Legislature. At least that is my understanding of the situation.

Mr. Chairman: Past practice, I am advised, has been that the Provincial Auditor's Report has been tabled in the House. This time it was not tabled, it was presented, though, to Members of the Legislature.

Mr. Cowan: I would ask the committee chairperson, is there a requirement because there are requirements

that certain reports be tabled in the House. Is there a requirement that the Provincial Auditor's Report be tabled in the House and if so, what are the specific requirements?

Mr. Chairman: I can take that particular question under advisement and can come back to the Member with that.

Mr. Manness: Let the record show that the House was not sitting when the Provincial Auditor released his report to the Legislature as of year-end March '88. The House was not sitting. There was absolutely no opportunity to table that report.

Mr. Cowan: Because I have not paid perhaps enough attention to the actual dates, can the Minister indicate when the Provincial Auditor presented that report?

Mr. Manness: Thursday, December 22, whereas the Public Accounts were tabled by myself in the Legislature Tuesday, December 20.

Mr. Cowan: I would just ask the Chair, in reviewing that, to clarify the situation so that the correct information, and I am not suggesting either of the comments are incorrect, but that the correct situation is known to the committee at its next meeting.

* (1120)

Mr. Manness: I will so do.

Mr. Cowan: Which brings us back to the issue of the next meeting. I think there are three things that the Minister wanted to do. We are prepared to do two out of the three.

One is to discuss organization of this committee; the other is to discuss some policy questions that the Government is responsible for, more so than the Provincial Auditor, although we reserve the right to ask those same questions of the Provincial Auditor. At least we reserve the right to ask the Provincial Auditor to comment upon the answers and the questions as posed by this committee and by the Minister, and the Minister also wanted to deal with some detailed review of one of the Public Accounts.

We are prepared to do the first two, so I would suggest that the first thing that we want to do is discuss how this committee does its work, because that was what the Minister indicated was one of the primary goals of this particular meeting.

Having said that, I would like from the Minister some indication as to how he would see the work of this committee unfolding. We have had some discussion previous. The Minister indicated that he would not see the committee meeting again until March and setting some firm dates for March. I would ask the Minister if that is his proposal and then we can discuss it as a committee.

Mr. Manness: Mr. Chairman, before I answer specifically those questions, I believe you yourself read

an article that said that the Provincial Auditor's Report for the period ended March 31, '87, had not been considered by a Public Accounts Committee. I believe that is an error.

Thursday the 28th of January, 1988, almost a year ago—and I can read from Hansard where the Chairman at that time, I believe Mr. Blake, said from page 117, Standing Committee on Public Accounts, "Okay. That completes the review of the Provincial Auditor's Report. There seems to be a general consensus that the committee will now rise and consider the Public Accounts, Volumes 1 and 11, at our next sitting," so I submit that indeed the Provincial Auditor's Report to the Legislature, year ending March 1987, has been considered and passed duly by this committee.

Specifically to the question of Mr. Cowan, I have asked staff to bring up my diary with respect to Thursday to see whether or not again we can attempt to pass '86-87 Public Accounts. I think it is important for sheer common sense that be done, if for no other reason. I was hoping that could be done today. The Members are reluctant to do so in the absence particularly of the Provincial Auditor, so be it.

With respect to February, I am sure there may be a date or two in the beginning of February when maybe all that need to be here can possibly be in attendance so that we can hold a meeting, and furthermore I am prepared to have the House Leader (Mr. McCrae) sit down with Members opposite to determine specific dates in March.

I can tell you, having sat on this committee for a number of years, the best productivity of that committee can be carried forth if Members in Opposition are prepared to ask questions giving notice to the Government particularly. I did on several occasions to Mr. Kostyra. He provided the responses and the system worked well. The system saved time and the system allowed a full discussion on the philosophies and the policies behind those answers.

That is all I was intending to do today, to provide Members with that same opportunity. I was not attempting to do an end run on the Provincial Auditor. I was not attempting to do an end run on my colleagues who, by way of their meeting, could not be here at ten o'clock this morning, so, Mr. Chairman, if I am judged guilty on trying to provide those objectives to the committee, then I stand so judged. I still think, though, that we have some time and if there are matters of questions dealing with issues or policy that Members would like answered, we still can just deal with them.

Mr. Cowan: Just on organization, then. Let me confirm that the New Democratic Party Opposition caucus is prepared to attend meetings upon adequate notice. We would like more than the five or six days' notice we got for this particular meeting, not because it is difficult for us to get our Members here. We made some phone calls over the weekend and made those arrangements, but it seems difficult for the Government to get their Members here, so we want to ensure that we do not have to go through this again.

We had set aside Thursday or any day this week as a possibility. We are prepared to meet any time. Evening

meetings could be considered as well. If they are more convenient to the Minister we are prepared to do that. We do not see the requirement for Saturday meetings at this time, but if the Minister said that was the only time that was available we would be prepared to do that as well. We should set aside one day of the week perhaps for some rest and reflection, so I do not know if we are prepared for Sunday meetings at this particular time.

What I am saying is we will make ourselves available upon adequate notice for meetings during the rest of the month of January, during February and during March. Our hope is we would be able to meet during the rest of January and early February in order to finish up the review, but if that is not possible we understand the demands on Government and staff and would be prepared to continue on into March.

Mr. Lamoureux: The Minister had previously requested that the committee rise. If he so desires for the committee to rise, I would suggest that it do rise. It is not because of a lack of questions from the Official Opposition, rather I think it is more of a lack of interest from other Government Members and the absence of the Auditor General which is somewhat disappointing, as I pointed out earlier.

Mr. Manness: Mr. Chairman, I am sorry. That is utter nonsense. If the Members have legitimate questions dealing purely with the Public Accounts, I ask them to put them now, to put them on the record now so that we can provide the full answers to those questions.

Government Ministers are very much involved in budgeting at this particular time of year. There has been a whole series of Estimates meetings planned for certain Ministers, not the least of which is the Minister of Finance, and the Member is aware of that, and so there are precious few times, and yet to the extent that there are, we are trying to accommodate.

Do not let the Member for Inkster (Mr. Lamoureux) get up and say because we do not have Members here he wishes not to ask questions. There are three Members of the Government sitting in attendance.

Mr. Lamoureux: One of which is a Member of the committee.

Mr. Manness: If he wants us by consensus to put all of them on the committee we will do that gladly, and if he does not want to give us the consent, fine, but there are three Members from Government here. Would he please put forward his questions?

Mr. Chairman: Mr. Lamoureux (Inkster), on a point of order.

Mr. Lamoureux: Yes, there are rules and procedures that are set out and precedents that have been made, and I would advise the Minister that this is the type of thing that we should be following, that we cannot ad lib all the way through committee meetings.

Mr. Manness: The same point of order, Mr. Chairman.

Mr. Chairman: Mr. Manness (Minister of Finance), on the point of order.

Mr. Manness: I am not attempting to ad lib. I am attempting to try and proceed along with the business of the committee.

Mr. Chairman: I thank the Members for their advice. Mr. Cummings.

Hon. Glen Cummings (Minister of Municipal Affairs): If I could add a couple of—

Mr. Chairman: Is this on the same point of order?

Mr. Cummings: Yes, on the point of order, Mr. Chairman. In terms of the Minister asking for questions to be put on the record so the detailed information can be supplied, as a new Member of the Legislature the last two years myself, I was interested in the process that was used here. I can fully recall asking a series of questions of the previous Minister of Finance and indicating that he would reply to me in writing when he was able to determine what that information was.

If you look at the books of information that you have in front of you, I think that unless somebody around this table is a whole lot smarter than me it is going to be pretty difficult to recall verbatim the details that are behind the multitude of expenditures that are there. I might add that I would anticipate that we will not follow the precedent that was set before because I never did get the answer to the questions that I asked.

* (1130)

Mr. Manness: Mr. Chairman, I am still asking Members of the committee whether there are questions that they would like to pose at this point in time. Again, right after I will ask our House Leader to begin to set forward into motion plans to set forth a series of dates when we can meet again. That is a commitment I will make at this time to the next sitting, but given that we have some time left, are there questions of substance that can be put at this time by Members of the committee?

Mr. Cowan: Of substance and of an organization, both. The fact that we are having an intersessional committee meeting this time I think is reflective of the Minister's intentions but is also reflective of the fact that the Government was unable to complete a large portion of the committee work that should have been done during the Session when the House was sitting and that is another failing of the Government.

Notwithstanding that, the Opposition have agreed that they would sit intersessionally on a number of standing committees to finish a review of different reports which were not considered in a normal course. I would ask the Minister to indicate given that, and that maybe the reason for us sitting intersessionally, if it is his intention to continue sittings of the Legislature intersessionally so that we understand that this is a matter of a well-thought out practice rather than just a matter of the circumstances that confront us in this particular year.

Mr. Manness: Well, Mr. Chairman, I am not going to talk generally about other standing committees and the responsibilities that they have to conduct. Let me say that I, though, take responsibility in a sense for this standing committee and I deem it very important that matters of this nature be conducted in an expeditious manner.

I think it is foolhardy, for instance, for the Provincial Auditor to table a report which because of the nature of Government—it is not his fault—but the nature of Government which is already nine months after the fact. Then Government, whatever Government, sit on it for another four or five months before it is considered. I consider that totally at cross purposes with good accountability to the public. So, what I have attempted to do here is to try and consider these matters in an expeditious fashion fully recognizing that in some cases there has not been all of the best planning that possibly could have been brought to fore, but nevertheless that is not going to stop me from trying to continue along this vein with respect to Public Accounts. I do not make any other comments with respect to other standing committees. The House Leader of our Party ultimately will make those decisions.

Mr. Chairman: Is it the will of the committee to ask some questions at this time?

Mr. Richard Kozak (Transcona): With regard to Government policy underlying the presentation of the Public Accounts, the Official Opposition's questions related to the earlier fiscal year in 1986-87 will be based on the report of the Provincial Auditor for that year. We have concerns arising from the Auditor's comments and criticisms regarding the presentation of financial statements specifically Capital Expenditures. The Auditor points out the changes still need to be made to the Government's fixed asset accounting policies. We will be interested in seeing whether those changes in fact have occurred, and we are extremely concerned, Mr. Chairman, regarding the Provincial Auditor's comments regarding the fragmentation of operating results, which according to the Auditor result in incomplete statement of accounts and understatement of the net budgetary requirement. Incomplete financial information reduces the usefulness of Public Accounts to us as legislators.

We are interested in ensuring that the Public Accounts accurately reflect the net budgetary requirement of the Government, and we are interested in determining whether the Government has in fact instituted accounting changes in the last fiscal year that make the Public Accounts more accurate, both from the point of view of the presentation of fixed assets of the Government and from the point of view of presentation of the net budgetary requirement of the Government.

Mr. Manness: Well, Mr. Chairman, firstly, the Member refers to '86-87 and what was becoming obvious to us even though we have—by the way as an aside—passed that Provincial Auditor's Report, but nevertheless I will make reference to it. What had become obvious was that the Provincial Auditor was qualifying his reports and the magnitude of—it should

not be for me to speak—it is my interpretation that what the Provincial Auditor was saying was that in his view there seemed to be a growing divergence as to what the net budgetary position really was versus what the Government was publishing.

To that end, per our Phase 1 audit, we did change the accounting policies, which in our view reflected more accurately the net budgetary position of the accounts of the Government. Subsequently, this time when the Provincial Auditor reported on year end '88, presented an unqualified report to the Legislature. I feel, from my perspective at least, that the Government has made some very necessary changes. You may want a further explanation from that. I am sure you will from the Provincial Auditor and I do not in any way want to provide any proxy for him with respect to your question there.

With respect to fixed assets, I think this has been a concern by the Provincial Auditor for some period of time as to how they should have been properly recorded. I do not claim to fully understand the philosophy behind it and yet I am one who wonders whether it is the most important issue facing Government in the accounting. If we do put greater value on our highways, for instance, and take them into the capital base, and our schools, what ultimately are we going to do with it in a budgetary sense?

So, to more accurately understand and reflect our fixed capital asset base, could lead to some interesting philosophical discussion and yet I am hard-pressed at this time to—and this is a personal point of view—as to how it can better reflect the total balance sheet of the province and to what end we would use that.

Mr. Kozak: I certainly note with pleasure that the Auditor for the fiscal year ended March 31, 1988, did not find it necessary to qualify his report in the same fashion as he found it necessary in the previous fiscal year.

However, one significant deficiency in the financial statements of the province as presented is one that we have raised in the House repeatedly during the last Session and it is one that remains. What does remain in terms of a significant deficiency in the province's books is a lack of accounting in the province's Public Accounts for the unfunded pension liabilities of the Government. These unfunded pension liabilities continue not to be reflected in the accounts of the province. The liabilities probably, at this point in time, approximate \$1.1 billion and will have to be financed at some point. They have a bearing on our province's credit rating as determined and presented by the major bond rating services. The Minister has, in the past, expressed the belief that his Government in concert with other Canadian Governments would address this unfunded pension liability perhaps in the same manner, perhaps in a different manner from the one chosen by the U.S. Government which has come to grips with its unfunded pension liabilities. I would like to ask the Minister if he has anything further to report to this committee and to the Legislature regarding the funding of unfunded pension liabilities?

Mr. Manness: Mr. Chairman, with respect to the American Government, yes, they are beginning to

amortize it, they are not totally funding it. There is a big difference between recognizing it and amortizing it and of course funding it. I do not believe that they are totally funding their pension obligations.

With respect to the provinces in Canada, I would like to put into perspective there is an unrecorded pension liability across all of the provinces and Canada as a whole of roughly \$30 billion: Manitoba's share of that is roughly \$1 billion, actually it is a little below that, it is \$800 million—still it is sizable. This is end of '87. So now it is \$1 billion. It is still, in percentage terms, about 3 percent to 4 percent of the problem, an amount proportional to our population, still a significant problem.

Mr. Chairman, as I have said before and I will continue to say, this has been an important issue with me. It is one that I will carry with me to the Ministers' of Finance meetings because I think that Governments across the land have to face up to this problem. I think they are going to have to move in some degree in concert because if we were to increase our expenditures by \$100 million, that amount needed to fund our commitment for one year, and that would of course represent necessarily an increase in deficit by that amount of money. I am wondering how, if Manitoba did it on its own, how we would be criticized by Members of the Opposition looking at our net deficit position vis-a-vis other provinces. I think that every province, if they have the political will, should move on this but should do so together collectively, as we should on a number of issues.

There is one other point I wanted to make with respect to pensions. Maybe it will come to me shortly.

* (1140)

Mr. Kozak: I would dispute the Minister's assertion that U.S. Governments have not made progress on the funding of unfunded pension liabilities but merely have made progress on recognizing these liabilities. I believe that the increase instituted last year in the social security tax levied by the federal U.S. Government does represent full and adequate funding for the social security system through the early part of the next century. I wonder if the Minister would like to venture an opinion as to whether the credit rating, as scribed to the Province of Manitoba by the major bond rating services, given the fact that the U.S. Government has made more progress in this area than any jurisdiction within Canada has, that the credit rating of the Province of Manitoba will suffer or continue to suffer if this problem is not addressed and if in fact the Province of Manitoba's credit rating is dependent on our coming up with a solution to the unfunded pension liability situation.

Mr. Manness: Mr. Chairman, firstly, with respect to American funding, I think we have a difference and divergence of views on particularly what is being done in the States and maybe we can address those a little later or outside the committee.

With respect to the rating agencies and how they look upon Manitoba's pension liabilities, unfunded as

they are, the rating agencies are fully cognizant of the fact that they are unfunded, and whether we brought them into the budgetary procedure and whether they were reflected as a budgetary item would make very little difference. I mean, they fully understand the fact that they represent a liability to the province. The rating agencies pore over all the schedules within the Public Accounts. They are listed there. The rating agencies are fully aware of them, so I think because they are fully cognizant of them it would make little difference as to how they are reflected.

Mr. Kozak: Mr. Chairman, I wonder if the Minister would agree that \$1 billion in unfunded pension liabilities does imply annual obligations on the part of the Government unreflected on the books of the province in the amount of approximately \$100 million per year, and I wonder if he feels it would be unfair of the Official Opposition and perhaps the Second Opposition Party as well to assert that the deficit of the province is \$100 million per year more than reported.

Mr. Manness: I do not disagree with that. That has been an unreported or unprovided for liability since 1961. That is not newsworthy in itself.

Mr. Kozak: Mr. Chairman, perhaps the Minister could suggest to the committee what he anticipates would be the time frame in terms of meetings with his federal and provincial colleagues to come to grips with this problem that, whether we recognize it or not on our books, we know is a millstone around the provincial finances.

Mr. Manness: I have made the commitment that I want to raise at the next time Ministers of Finance meet. I do not know when that will be in all honesty.

I think, though, that there are some things we have to do provincially also. Members of the Government Employees' Association I think should be brought into this discussion. The community at large should be brought into this discussion as to the liability of Government and how it is that it should be not only represented, shown, displayed but also how it should be funded. It is a commitment of Government that Government again is nothing more than the people and the people themselves I think should have some input into how ultimately a Government deals with it, because it is a growing liability.

It has almost the first call on scarce Government revenues. There is no discretionary spending aspect to it. It has to be treated today on the same basis as foreign debt, the interest on foreign debt. We have no say. Those bills are paid first and then services to Manitobans follow after. I believe that it should be moved into a greater public debate and I look forward to that and, to the extent that I can be a catalyst in that regard, I will.

Mr. Kozak: Mr. Chairman, I certainly welcome the Minister's suggestion that this committee do everything within its power to stimulate further public debate regarding the approximate \$1 billion in unfunded pension liabilities of the province. It must be clear to

all of us who are Members of this committee that these liabilities do threaten to impair over the long term the ability of this province to deliver services to its citizens and the ability of this province to honour its debt obligations. At some point this matter must be resolved before it overwhelms us.

At the same time I accept the Minister's suggestion that the question of unfunded pension liabilities has not attracted a public profile. I wonder if the Minister could enlighten me as to whether it has attracted the interest in a serious way, at least of those who are most directly concerned, that is, the Manitoba Government Employees' Association.

* (1150)

Mr. Manness: To the best of my recall, not directly by way of letter to me, but I think they have made a couple of public comments with respect to their concern and I would welcome a greater concern, indeed, public attention that they may themselves want to build on this issue. So the short answer is no, but I would hope that one would be forthcoming.

Mr. Kozak: I believe, Mr. Chairman, that this committee may soon rise. I would not like it to rise without giving an opportunity to my colleagues in the Second Opposition Party to put one or two matters on the record. I understand we will be meeting again. I will be pursuing my comments at greater length at a subsequent meeting. If the Second Opposition Party would care to put a matter or two on the record I would not like to be the cause of their not being able to do so.

Mr. Cowan: The Minister mentioned in his commentary on one of the questions in Phase 1 of the audit. Is the Minister prepared to table the background materials to that Phase 1 review which would include instructions given to the consultants, which would include working documents that were made available to the Government in the preparation of that report?

Mr. Manness: Mr. Chairman, I would ask you to rule in the sense that the request has nothing to do with Public Accounts per se, and in retrospect I think we have tabled virtually all of the information with respect to Phase 1 and we will continue to do so through the various phases of the major accounting process.

Mr. Chairman: On a point of order, Mr. Cowan.

Mr. Cowan: I indicated in my remarks the reason I brought it forward was because the Minister had referenced it. If it has nothing to do with the work of this committee then why did he reference it in his own remarks? In fact, he did reference it in his own remarks to support a comment that he was making and to support his answer to a question. And having raised it I think it then becomes the property of the committee and something that we should be prepared to discuss.

If the Minister is not prepared to discuss it, so be it. The Minister also knows that what I will be asking for next is for the working reports on Phase 2 of the

audit because the Opposition has been very critical of the Government putting forward a summary report and then refusing to make available the detailed report on a number of projects which were reviewed by the Minister of Finance with respect to the workings of different Government programs and different Government departments.

So this is just a lead-in to that particular question and I would ask the Minister therefore if he would interpret Phase 2 documents to be the same as Phase 1 documents and therefore not within the purview of this particular committee.

Mr. Manness: Mr. Chairman, I have indicated publicly several times that every component of, certainly of Phase 2 and Phase 3 and everything that I can recall from Phase 1, will be made public. I have no trouble with that. My reference to Phase 1 had only to do with the fact that certain conclusions were presented to us and recommendations. We proceeded with those in completing the '87-88 year. We presented them fully, openly and publicly to Members of the Legislature. That is all part of the public record and as Phase 2 will be, in totality I would think, within the month. I do not really know what it is that the Member really is wanting.

Mr. Cowan: I can indicate what we are wanting is the background materials. We are also wanting the full reports of Phase 2. The Minister says they will be available within a month. I would ask the Minister then why it is he is holding back those documents? Having made the summary available, he has given rise to some serious concerns and some serious questions, not only from Members of the Opposition but from the general public. For example, there is a recommendation in Phase 2 that the Seniors RentalStart Program be cut back. There is a recommendation that the Pensioners Tenant Tax Assistance Program be changed and that change is referenced as providing savings to the Government so that would have an impact on the amount of assistance available under that program to senior citizens. Those are very serious concerns that are there because the Minister has made available only the summary and not the background materials. The difficulty with that is that people who want to counter those suggestions, citizens—and The Minister indicated that Government is only really a reflection of the general population whom it is elected to serve. That general population or segments of that general population may want to make representations to the Minister to dissuade him or other Ministers from accepting recommendations of those reports and find it difficult to do so with only the summary report available to him.

So there are two questions. The first question is why did the Minister make only the summary reports available when he found it impossible to release the full reports creating those concerns? Secondly, the Minister has indicated within a month he is prepared to release the rest of the documentation. Can he be more definitive as to exactly when and why it is he feels compelled to wait that long?

Mr. Manness: I am sort of reluctant to answer the question because I feel we are straying off the intended purpose of this committee.

Let me say I have released a summary report because I felt it was important that we report very quickly, as quickly as we could, on Phase 2, on the general findings of the accountants that were studying various aspects of Government responsibility.

I believe that indeed Government may want to counter some of the recommendations. Just because they were recommended does not mean that they are Government recommendations. They are not. But nevertheless, I feel that it is important Ministers have an opportunity to review the recommendations and the background of the recommendations in some depth and that they have an opportunity to provide to Cabinet and to the public responses that the Government can choose to act upon, not immediately but certainly in due course. So my view is that it is best that the Ministers, within the various departments, have an opportunity to look in depth at the recommendations, to dialogue with the consultants as to some of the uncertainties or unknowns around some of the recommendations, provide a plan of action, at the same time then be in a better position to answer questions once the reports are released and after that the public dialogue will begin and Government will make its final decisions after that point. To me, that is a very pure system.

Mr. Richard Kozak (Transcona): On a point of order, Mr. Chairman.

Mr. Chairman: Mr. Kozak, on a point of order.

Mr. Kozak: I did not want to raise this point of order too soon in this conversation as I wanted both the Second Opposition Party and the Minister to have the opportunity to put a couple of observations on the record. However, I would point out for your consideration, Mr. Chairman, that Phase 2 and Phase 3 of the Provincial Audit are probably not within the purview of the Public Accounts Committee at this time. The Official Opposition asserts, and I am sure both the Government and the Second Opposition would agree, that Phase 2 and Phase 3 of the Audit, that is the Government's proposals for streamlining the delivery of services to the public of the province, will in fact be of major concern and perhaps the major area of debate within the next Session of the Legislature. However, we assert that with not all of the facts on the table at present, it is probably premature for us to address this matter at this time.

* (1200)

Mr. Chairman: On the same point of order, Mr. Cowan?

Mr. Cowan: It is interesting that we have an Official Opposition that is almost as eager to close doors on discussion of matters of major concern to the general public as is the Government. The Member, had he sat through these committees in the past, would realize as did the Minister in answering the question because he in fact asked questions of a very general nature that, when he was in Opposition, were not entirely under the report or fully clothed within the report that was being considered because they were questions that were important to the general public.

The Member said that this may in fact be a major concern on the point of order and that there is not enough information available now in order to discuss it fully. Well, the fact is we are asking for that additional information because this is a major concern, a major concern of seniors' groups, a major concern of tenants' groups, a major concern of those who deal with the educational system, a major concern of many Manitobans, with respect to how the Government is going to respond to those particular recommendations.

The Minister has indicated very clearly that the Government is considering the report and at the same time he says that the Government itself may want to counter the responses. Well, if the Government wants to counter the responses, I can assure him that there are seniors groups, for example, with the one area that I noted that want to counter the responses as well. They do not want Government formulating its opinions without their input, without consideration of their viewpoints and they cannot provide that input unless they see the full working documents. So what we have is a situation where the House is not sitting, so we have limited opportunity to participate in questioning of this nature on a point of order.

Secondly, this committee in the past has delved into and dealt with broad general policy issues as well as specifics of this sort that were not always contained within the report itself. Certainly if the Official Opposition wants to side with the Government to cut off this discussion, they can do so and they can win that particular vote. We would vote against that particular suggestion but they can do that.

The Government I think has a responsibility, having provided the summary documents, having given rise to a number of concerns and fears and having now just indicated today that it is considering how it is going to respond to those recommendations on the basis of the detailed reports, to make those detailed reports available to the general public immediately so that they can be part of the dialogue and part of the consultation and part of the ongoing discussions with Cabinet Ministers before they formalize their positions.

Mr. Kozak: A point of order, Mr. Chairman.

Mr. Chairman: To the same point, Mr. Kozak.

Mr. Kozak: I would like to thank the Second Opposition Party for its observations on my point of order. I do not dispute the point made by the Member for Churchill (Mr. Cowan) that Phases 2 and 3 of the audit are absolutely crucial and that debate must occur in the full glare of public scrutiny and with the utmost public participation. However, I believe the Member for Churchill would agree that the full House as it sits is the most appropriate location in which the full glare of public participation and public scrutiny can take place. We believe that the matter of the audit is far too important to take place in a more restricted setting with limited participation by the press and by the public and in any case does not fall within the terms of reference of this committee.

Mr. Cowan: On a point of order, Mr. Chairperson.

Mr. Chairman: On the same point of order, Mr. Cowan.

Mr. Cowan: The full House is not sitting, but this committee is a committee of the full House. The full House gives to this committee responsibility, rights and mandates. The mandate is to review issues such as this. The responsibility is to do it when it is timely to do so. We had a whole discussion earlier as to whether or not the work of this committee is timely because we had to wait so long to discuss particular reports. If we wait until the full House sits again, the Minister has already indicated that he will have met with his Ministers. The Ministers will have consulted the reports and they will have formulated responses and opinions and approaches on the basis of the consultants' reports. So to wait would be not only not in keeping with the best traditions of committee work but would be foolhardy and would put seniors and tenants and others at a disservice. So I would suggest to the Member that we are in fact a Standing Committee of the House and when in Session, such as this, we reflect the views of the House and report back to the House. Anything that we can find out now and any assistance that we can provide to those groups that want to make representation on these issues before the House sits I think will serve the House well and that is what we are here to do, to serve the process and to serve the Legislature and to serve the public.

Mr. Kozak: To the point of order, Mr. Chairman.

Mr. Chairman: Mr. Kozak, on the same point of order.

Mr. Kozak: Mr. Chairman, I would certainly agree with the Member for Churchill (Mr. Cowan) once again that full scrutiny of the audit and particularly of Government policy arising from the audit is a matter of the utmost priority.

However, I would remind the Chair that the audit does not represent necessarily policy of this Government, that it will be massaged by this Government in the development of policy and that it is the role of the Opposition to criticize Government policy, not the views of outside consultants for which the Government cannot be held responsible and which are not part of the Public Accounts of the province.

Mr. Chairman: Well, on a number of these particular comments placed on points of order, I would just like to remind the committee that Beauchesne indicates that it is not correct to use a point of order as a basis for a further point of order, which was done; and secondly, that also in the last section here we have had several requests to speak to something that has not yet been completed. It is a hypothetical matter, so it is really not a point of order. So in that respect his last little comment is not in order.

Mr. Cowan: Just for clarification, we continue discussion then on the Phase 2 audit reports?

Mr. Chairman: You can continue the discussion on the Phase 2 audit reports, yes.

Mr. Cowan: Thank you. Then my question to the Minister stands. Why is it that—or actually we know

now why he is not releasing the reports and we object to that. It is obvious that the Liberal Opposition does not object to that, but the New Democratic Party Opposition does in fact object to the withholding of the detailed reports that allowed for the summary to be presented to the general public.

I would ask the Minister, therefore, because he has said on a number of occasions that it is his intention to table those when he intends to do so. It is not good enough to say he intends to do so within a period of time or within a month. When specifically is he intending to table those particular pieces?

Mr. Manness: Mr. Chairman, firstly, not to reflect on your ruling, again I indicate to Members of the House that we are here to pass judgment on the Public Accounts of 1986-87 and the Public Accounts of 1987-88 and the Report of the Auditor to the Legislature year ending March 1988. I think, Mr. Chairman, we have to be very cautious as to what extent we go beyond that.

) Again, I say to the Member for Churchill, Mr. Cowan, as I indicated at the press conference the other day, I hope to be able to table all of the specific audits, seven in number, within the next 30 days. That is the time frame that I announced at that date and it is the one that still holds today.

* (1210)

Mr. Cowan: I appreciate your ruling and seek your protection with respect to our rights as Opposition to review these matters. It has been ruled in order and I think for the Minister to suggest that we are out of order in doing so, or should not be doing so, is in fact a reflection upon your ruling.

Notwithstanding that, his statement that he hopes to be able to table something within 30 days does not a commitment make. Is the Minister prepared to make a firm commitment that he will table those background documents within 30 days of the announcement and the release of the summary report because that was, what I understand to be, his commitment at that time?

Mr. Manness: Mr. Chairman, I ask all Members to judge me on my word of the past. I think that over many years I have attempted to live up to all of the commitments that I have made and I ask the Members to again take that into account. I would hope that I would be able to make that and I will make every effort to make that 30-day commitment.

Mr. Cowan: Is the Minister saying is now prepared then to make a 30-day commitment?

Mr. Manness: I do not know why the Member for Churchill wants to badger me on the point. He has been in Government long enough to know that unforeseen circumstances sometimes come up which preclude the best of intentions, indeed, most strongly made commitments at the time. I want to leave myself the leeway that might, as a result of those types of circumstances, cause me to not deliver, yet it is certainly my intention today to deliver.

Mr. Cowan: That is not good enough but the Minister can in fact withhold information for as long as he wishes to withhold it, for whatever reason he wishes to withhold it. It is up to the Opposition to pressure for the release of that information. We will continue to do so.

The Minister is not prepared to give a firm commitment which causes us some concern. We too hope that he is able to live up to that which he hopes to do so, but I can tell him we will give a firm commitment now that if he does not live up to what he is indicating he hopes to do so, we will apply intense pressure for those reports to be released notwithstanding whether or not the House is meeting at that time or not meeting at that time.

There are a number of other issues that we would like to discuss but I do want to give the floor back to the Liberal critic for Finance. In doing so, I just want to ask one question which would probably only necessitate a short answer. Is the Minister still committed to providing five-year forecasts to the Public Accounts Committee as he indicated should be done when he was in Opposition?

Mr. Manness: My long run goal is to provide certainly longer-term commitments.

Mr. Cowan: Five year?

Mr. Manness: Five year—

Mr. Cowan: Maybe we spoke out of turn in Opposition.

Mr. Manness: Five year commitments. I still think that was in the span of the next—probably our second term of Government we will try to work toward. I was fully cognizant when I made—

Mr. Cowan: I know, but you said you were going to have it right away.

Mr. Manness: I was fully cognizant of the issue when I was in Opposition that it was not an easy task. I knew that the Government of the Day had some very broad numbers that they could release if they so wished. I am saying that there should be greater clarity put to any of those types of numbers but yet recognizing what it was that I recommended when we were in Opposition.

I made a full commitment to do a two year forecast with this Budget and to the extent that we can build upon that to increase it to three in the year in the Budget that would come down, we would work toward that end. So, Mr. Chairman, I have not changed my views. I believe that Manitobans have to have a greater understanding of what some of the policy decisions, particularly with respect to future funding and future calls upon revenue are. To that end, this Government will try and provide a much greater, longer-run forecast than was the case previously.

Mr. Kozak: I would certainly like to follow up on a question of the Member for Churchill. I am rather surprised at the Minister's answer.

Both the Throne Speech and the Budget Speech in the last Session did promise that multiyear budgeting

would, with the Budget to be introduced this year, become a standard feature of the Government's Budget process. At the time, I quoted the Minister to himself. He expressed doubt as to whether the Government had in place forecasting capacity to perform some very simple forecasts that I had requested. My assertion at that time was that his response cast in doubt the Government's ability to produce a multiyear Budget that would be anything more than a public relations tool, an opportunity for the Government to point to the future and say how wonderful things will be one, two, three or five years down the line, thanks to Manitoba's wonderful Conservative Government.

I wonder if the Minister has completely backed off from the Government's promise in the Throne Speech and the Budget Speech, to provide a multi-year budget forecast with this year's Budget.

Mr. Manness: No, nothing could be further from the truth, Mr. Chairman. We are involved in the budgetary exercise right now. I can tell all Members that we are actively including another year forecast in some detail, closely associated with that for '89-90. I have not backed off one bit. As I indicated, the Budget that will come forward will have a forecast of expenditures, of revenues and ultimately deficit for the year 1991. It will be a pretty specific number. As I have indicated before, to the extent that we can design a forecasting model that has some greater certainty associated with it that will ultimately go beyond a two-year forecast and work towards a three.

Mr. Kozak: I assume from the Minister's answer then that there has been no change in the situation that existed last year, i.e., the situation whereby the Government recognizes that it does have limited forecasting ability in place, and that forecasts produced in conjunction with the 1989 Budget must necessarily be highly speculative.

Mr. Manness: It is not terribly speculative on the cost side. Where it is more speculative is on the revenue side. Of course, we draw our forecasts, and some of the most important ones we draw from Ottawa in the sense that the economy does much better or much worse than had been forecast. That directly manifests itself in some significant variations in revenues coming from the federal capital. So to the extent that we have some difficulty in forecasting those accurately, that is not the Government's problem, that is the problem of all Manitobans because Government ultimately then has to take a very conservative approach on the revenue side and make its decisions accordingly.

The expenditure side, there are fewer uncertainties, but again that can change radically depending on the value of the Canadian dollar. So as long as we understand what fluctuations are in place we will print a number for 1990-91 in this year's Budget and we will try to work to a three-year forecast in due course, but the point being as long as those variables are in place. Moving along in a wild fashion—I was never one who said, come out with numbers, guarantee them. I said, no, come out with numbers particularly on the cost side, on the expenditure side, so Manitobans when

they are coming, asking for numbers of services, have a feel as to what it is right today is locked into place for spending four or five years hence. That is all I have said and I have not changed that viewpoint.

* (1220)

Mr. Kozak: I would accept the Minister's assertion that no Government can be precisely tied to forecasts that are one, three or five years into the future, especially forecasts that are resting on the rather shaky science of economic prediction. I would however suggest to him that these forecasts are suspect, not only on the revenue side but also on the expenditure side. Should the province experience an economic downturn, which does impact the revenue side, I would suggest to the Minister that the built-in stabilizers within our Government system would automatically produce an increase in Government expenditures. Therefore I suggest that both sides of the forecast are highly speculative. I also note that the Government has not added in-house expertise, additional in-house expertise in the form of expert staff to assist it in the development of forecast. I understand that the Minister states that he will be relying largely on forecast provided by the federal Government and other economic forecasting units, but I note with some concern (a) that both the revenue and the expenditure sides are subject to a great deal of variation, not only in five years but in one year, depending on the performance of our economy which we cannot predict with precise certainty.

I also note with some disquiet that the Government has not added to the in-house expertise which would give it a better capacity to evaluate the quality of the forecast coming at it from the federal Government and from private forecasting agencies. Forecasts vary considerably in terms of their quality. Obviously not all federal forecasts are precisely accurate in Manitoba terms. Obviously not all forecasts produced by private agencies are precisely reliable in Manitoba terms. This is one area where it probably would have been prudent on the part of the Government and probably would remain prudent if the Government intends to carry through the best possible long-term forecasting exercise to retain additional expert staff to make this a meaningful exercise as opposed to a public relations exercise which I fear it is doomed to be under present circumstances.

Mr. Manness: Mr. Chairman, let me say firstly I have come to learn that over a period of years it is 70 percent—our economy, how it does is probably 70 percent responsible or takes its lead from the federal economy, in spite of the fact that we have, as we did this year, a major drought which is going to impact some of the economic growth that would otherwise have been there. But nevertheless as we are an exporting province and an exporting nation, not only outside of Canada but exporting a lot of our products to other provinces within the Canadian context, that we are still very dependent upon what the national economy does.

To that end I do not really see too much wisdom in directing additional resources to try and forecast the

Canadian economy. I think it would be much better that we let that be done in Ottawa and indeed the Conference Board and we look at those reports of the major financial institutions and we try to put some of our personal views to it to moderate or modify those forecasts.

With respect to the Manitoba specific costs in revenues, I believe we do have the expertise within the department now. I have seen it within the Treasury Board, I have seen it within the federal-provincial division of my department and I think that it is just a little change in focus. That is now being done particularly at Treasury Board as we go through the budgetary exercise and I think that the forecasted numbers that the Members opposite will see once they are released in this next Budget, will clearly indicate that we do have that expertise, that we do not have to build upon it. Purely within the Manitoba context, within the Canadian context, I do not see them there, quite frankly, of expanding staff to try and get a better forecast of what is happening in the nation.

Mr. Kozak: There are of course, while I accept certain of the Minister's comments, certain difficulties with forecasts that his comments do not take into account. One difficulty is that two forecasting agencies are likely to produce two different forecasts. These forecasts may in fact be widely divergent. Various economic think tanks in Canada, one of which is the federal Government, but others include the Conference Board, the major banks and various private agencies have over the last year produced a number of widely divergent scenarios for Canada's economic future. These scenarios range from continued economic expansion into the seventh and eighth year of the current recovery through other forecasts which call for a slowdown in the economy, through still other forecasts which call for an actual recession in the economy.

The Government of Manitoba should at the very least have the expertise in place to choose which of these three alternatives it wishes to hang its hat on, whether Manitoba's economy will continue to grow, whether we will see a perceptible slowdown in growth, or whether in fact the province will descend into recession.

* (1230)

There is a huge difference among these three positions and the Government must have the analytical power in place to pick and choose among the three credible scenarios produced by credible economic forecasting agencies. This point is amplified by the fact that even in its current fiscal year, even in the Budget presented in 1988, within a very few months after presentation of the Budget, we noticed a very real departure on the part of the Manitoba economy from the performance predicted within the Budget.

A couple areas that I would suggest to this committee are areas where Manitoba fell short of predictions made only in August were the areas of housing starts and employment. Within two months of presentation of the Budget it became amply clear to Members of the Opposition and indeed to the whole Legislature that the forecast put before us only in August was already out of date.

Mr. Chairman: Excuse me, Mr. Kozak. I am interrupting proceedings because the time is 12:30. We need to determine what is the will of the committee and one of the things we have to decide before we make any continuation here is to determine whether or not we will be coming back this week or whether we will be coming back in March.

Mr. Lamoureux: Mr. Chairperson, I think maybe the best bet might be to leave it up to the Minister's discretion, keeping in mind that at the next meeting the Auditor General be here—the Provincial Auditor, I am sorry.

Mr. Chairman: I think the Chair and the Clerks require clear guidance on this.

Mr. Cowan: The Minister indicated that he was waiting for his diary to check with Thursday so that might be the first decision we want to make.

Mr. Manness: Mr. Chairman, with respect today, I am sorry I have a meeting of Treasury Board in our budgetary exercise. It started half an hour ago but Thursday—I hear the Member's offer with respect to an evening. Is that still—

Mr. Chairman: I hear Thursday evening.

Mr. Manness: I wonder if we could put somebody to work to see whether or not that can be accommodated. So I would attempt then to sit Thursday sometime, but through negotiation is to find the best time.

Mr. Chairman: Is it then the will of the committee to meet on Thursday, January 26, 8 p.m., in Room 255?

Mr. Cowan: I think what is being suggested by the Minister is that is an option that he wants to confirm and we are prepared to sit. I would suggest two o'clock is probably a better time, given that the House is not sitting, there is no real requirement to sit at 8 p.m. If that is the case, 7 p.m. to 9 p.m. and we would be prepared to tentatively commit to that now and if there are problems, then we appreciate that the Minister cannot confirm the meeting at this time. He does have to check with the Auditor and make certain that he is available and make sure that his caucus is available.

There was a suggestion earlier of a two o'clock meeting this afternoon, the Minister is saying that is not possible now? If not, that is fine.

Mr. Manness: I basically have only an hour between 2 p.m. and 3 p.m. I think it would be best that we try and tentatively work something towards Thursday evening.

Mr. Kozak: For the information of the Minister, Thursday evening would well suit the convenience of the Official Opposition.

Mr. Chairman: All right then, just before we rise I just wish to, for the interests of the committee, to announce that there are copies of the Annual Conference of the

Monday, January 23, 1989

Annual Council on Public Accounts Committees which was held in Quebec on July 5 to 9, 1987, are available here; and also that is available for committee Members, copies of the Public Sector Exposure Draft defining the Government reporting entity from the Canadian Institute of Chartered Accountants is also available.

Mr. Manness: Mr. Chairman, before we rise, I also would like to indicate I am prepared to table a submission to the Standing Committee on Public

Accounts, a reaction of the Government with respect to certain concerns of the Provincial Auditor with regard to the '87-88 Accounts, so we have copies that can be tabled at this time.

Mr. Chairman: All right then, we will meet at 7 p.m. on Thursday, barring any other conflicts. Committee rise.

COMMITTEE ROSE AT 12:35 p.m.