

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, 11 June, 1987

TIME — 10:00 a.m.

LOCATION — Winnipeg, Manitoba

CHAIRMAN — Mr. D. Blake (Minnedosa)

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Doer, Kostyra

Messrs. Ashton, Blake, Mrs. Carstairs,
Messrs. Maloway, Manness, Santos, Scott, Smith
(Elice)

APPEARING: Mr. F. H. Jackson, Provincial Auditor

Mr. J. Bothe, Director, Public Accounts

Mr. J. Singleton, Assistant Provincial Auditor

Mr. C. E. Curtis, Deputy Minister, Department
of Finance

Mr. E. Rosenhek, Comptroller, Department of
Finance

Mr. E. Connery, MLA (Portage la Prairie)

Mr. J. Downey, MLA (Arthur)

MATTERS UNDER DISCUSSION:

Annual Report of the Provincial Auditor for
the fiscal year ended March 31, 1986.

Public Accounts 1985-86, Volume 1 -
Financial Statements.

Public Accounts 1985-86, Volume 2 -
Supplementary Information.

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MR. CHAIRMAN: Ladies and gentlemen, we have a quorum now. We are on page 21 of the Auditor's Report for the fiscal year ending March 31, 1986.

Mr. Manness.

MR. C. MANNES: Mr. Chairman, we are on page 21, I believe, of the Auditor's Report.

MR. CHAIRMAN: Right.

MR. C. MANNES: I would ask Mr. Jackson if there has been an error of some sort in the adding of the first column under 1986. It seems like the figure, third from the bottom, 7,283.1, as displayed, maybe should be 7,273.1.

MR. CHAIRMAN: Mr. Jackson.

MR. F. JACKSON: You're absolutely right. Mr. Bothe can explain some of the details there.

MR. CHAIRMAN: Mr. Bothe.

MR. J. BOTHE: During the process of the production of the report, there was a small change that had been made through a clerical inaccuracy, and it wasn't detected until after the report itself was produced.

MR. C. MANNES: Maybe Mr. Bothe could be more definitive. Was it a typographical error?

MR. J. BOTHE: Yes.

MR. C. MANNES: That's fine.

MR. CHAIRMAN: Page 21—pass; page 22—pass; page 23—pass.

Page 24 - Mr. Manness.

MR. C. MANNES: We covered this in part earlier on, Mr. Chairman, but again I would like to ask Mr. Jackson, because he's drawn note to it on several occasions, with respect to the unfunded liability associated with either the Teachers' Retirement Allowances Fund, or indeed the Civil Service Superannuation, is there a move afoot in other provinces to reflect part of that unfunded liability within present expenditures, present appropriations? Is there any other government in another province that is trying to recognize the present value of that liability?

MR. F. JACKSON: This is one of the areas that the Public Sector Accounting and Auditing Committee that's been structured by the Institute of Chartered Accountants of Canada has taken under advisement and formed a specific committee to review and make recommendations on, because it's been considered that this, together with the fixed assets of the provinces, are one of the areas that causes real difficulty in interpreting the financial results of governments in Canada.

This committee is working right now, through a joint process with the Actuarial Association of Canada, to come to grips with what should be done in the way of recognition of this for government statements. So the answer is, yes, all governments in Canada have this as a problem and they're working to resolve it.

MR. C. MANNES: I take it then, from Mr. Jackson's answer, that at this time no government in Canada reflects the present value of that liability within appropriations.

MR. F. JACKSON: It's my understanding that the Government of Alberta does at this point in time and, like many other governments, this information is disclosed in the way of notes to the financial statements in Manitoba, but it's not recognized, per se, as a cost in the operations.

That's one of the reasons why we bothered to point this out, that it is a factor, when you're reviewing the

total operations of the government entity as a whole, and it should be considered.

MR. C. MANNESS: I would ask the Minister of Finance whether he can see government policy in time coming into being, that would cause some portion of the present value of that liability to be reflected in appropriation?

MR. CHAIRMAN: The Honourable Minister of Finance.

HON. E. KOSTYRA: I think we want to wait to see what work has been done on a cross-government basis with the technicians in that area, who are working through the national organization. Then I presume, once we see recommendations from that specific area, as we have with other recommendations they've brought forward, we would look at how they might be implemented in the province, if there's some joint agreement.

As you're aware from the report I provided prior to the committee's hearing, we have, on a regular basis, been acting on recommendations that flow from that body, so that we can have our books reflect in a consistent manner to other governments in Canada.

MR. C. MANNESS: Mr. Chairman, in this year's Estimates, there's a statutory obligation on the province to - and I'm drawing the number from memory - pay out in support of teacher pensions a figure of somewhere around \$21 million, it seems to me. Is it within the Provincial Auditor's sphere of - I won't say responsibility - but indeed, it was requested by a member of the Legislature that that number be run out for some series of years - let's say 15 or 20 years - to look at the potential or the liability and the cost figure that will come down over a series of years; could the Provincial Auditor do that and supply that type of information if requested?

MR. F. JACKSON: That would be an area that would be beyond our expertise; that would get you into the actuarial sciences. That's one of the reasons why the office, in times past, from an impact on the actual financial statements; we had recommended to the government some years ago, that they have a study undertaken by an actuary to get some perspective as to what the impact was going to be on the cash requirements because of the increasing number of pensioners that would be retiring in the years ahead.

I believe that that study indicated that there would be significant changes in the cash flow for the provinces. It would move from, I think, under 3 percent to somewhere about 10 percent in the years ahead of payroll costs.

MR. C. MANNESS: Repeat the last sentence, please.

MR. F. JACKSON: That the percentage, in relation to the total payroll cost for pensions, would be changing. It's 7.2 percent in the year 2002. That's a figure we felt should be updated, as the changes in amendments to pension plans have been made, so that the full impact of those changes could be assessed from this perspective.

MR. CHAIRMAN: Page 25—pass.

Page 26 - Mr. Manness.

MR. C. MANNESS: Mr. Jackson, I'm looking under the heading "Borrowing Authority"; and I ask a very general question, not one specific to the detail as presented. Is it proper that some of the Loan Authority granted by the Legislature should remain unused and sit there - sort of to be banked almost - for a long period of time; and the government having therefore the opportunity to use that as they deem fit, sometime in the future, without again an opportunity for legislators to pass judgment?

I think of a case particularly where government, in either writing off shares or doing something in the divestiture of Flyer Bus, using Loan Authority that had been granted in 1975. Is this common practice in other jurisdictions? Secondly, is it proper - and I guess then I'm asking for a subjective comment - that those of us who are presently in the Legislature really have no opportunity to pass judgment on the granting of that authority?

MR. F. JACKSON: I'm going to have to plead unfamiliarity with the practices that are followed in the other jurisdictions in Canada, but generally speaking, our legislation is pretty much in step with other jurisdictions. The Loan Acts are similar, I would think, to what happens in other jurisdictions.

Beyond that, I would say, from an audit point of view, we're aware that once capital authority is granted, it's there until there's a change that's again provided for in the legislation. It's something that's been accepted over the years; it's something that might be reviewed.

MR. C. MANNESS: Mr. Chairman, I'll then ask the Minister of Finance whether he feels if that's a proper way for Legislative Authority to be granted and then, indeed, for Governments of the Day to use them or not use them. Because I'm sure we'll come to other tables where - well, in Public Accounts, Volume 1, which will show the unused authority - we're passing, I know within the Legislature, huge sums of borrowing authority; maybe not so large this year, but last year in the order of \$1 billion.

It's not always used in the year of passage and I can understand why, in some cases, it has to carry into the second year and maybe even into the third year - I'm thinking mainly of something like Limestone. But I am hard pressed to find a rationale that should allow the government to bank Loan Authority to be used, firstly, maybe three or four years after it has been granted, conceivably to be used previous to an election year - and that's my political scepticism that's coming forward - but also to be used - as has been proven with the Manitoba Developmental Corporation - some 11 years after it's granted.

Surely, there's some proper requirement for the government to have to come forward and - well, first of all, some of that borrowing authority should lapse, and if the government needs it again, they indeed should come forward and seek it in the proper manner.

HON. E. KOSTYRA: First of all, just to remind the member that there is, in effect, a reconciliation of the Loan Authority provided for on a yearly basis.

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In the Budget documentation there is, I refer to (b)(6), the actual provisions that are planned for the Loan Authority in that given year. In addition to that, on (b)(7), there is a reconciliation of previous Loan Authorities that are planned to be drawn down in the current year from previous authorities. There's an example on (b)(7); the total non-budgetary capital program planned for this current year is just over \$1 billion; whereas the authority that we're requesting or had planned to be requested at the time of the Budget with respect to The Loan Act, was \$273 million; so, that information is provided as part of the Budget process.

The second point is the draw down on that authority has to be related to the purposes that it was granted initially; as an example, the situation with respect to Flyer related to the activities of the Manitoba Developmental Corporation. It isn't that the government has a mechanism available to take authority granted to the Manitoba Development Corporation and say use it for Limestone; that would not be possible.

Frankly, I think it's probably worthy of some consideration to look at some point in time where that authority will lapse or have to be revoked. I don't think two years is an appropriate time frame, but certainly something less than unlimited might be reasonable and I'll undertake to look at that for something we should maybe look at in the near future, maybe in the next Legislative Session. As an example, the Limestone authority now, I guess was voted a couple of years ago and it's probably spanning at least a five-year time frame for utilization. Maybe it might be a bit more, but somewhere in that range. Certainly some cap would not be unreasonable.

MR. C. MANNESS: Then, Mr. Chairman, two or three points. Firstly, I'm not critical of the Department of Finance in the manner in which it has presented unused authority. That wasn't my intent because, quite frankly, if you go to the Accounts and you go to the Budget, you can trace it.

But my broader question arises from a number of points, not only the Jobs Fund, on which we've spent some time, but a comment made by the Minister of Agriculture last year when we questioned, under Loan Act (1), the purposes of his seeking additional Loan Authority in support of an agricultural lending program which yet had not been developed.

We pushed the House Leader of the government for some time and there were two items of Loan Act (1) that were removed; one dealing with an agriculture lending program which hadn't been developed; and also in an area of small business development - 10 million which hadn't been developed. The government saw the wisdom of that and they withdrew those two areas of loan request.

I heard the comment coming across the floor from the Minister of Agriculture saying "It's okay, I didn't need it anyway. I've got lots of unused Loan Authority." Mr. Chairman, that begs a lot of questions. That says why would government departments then come to the Legislature where, indeed, those of us representing the taxpayer, in Opposition, have really only that one time to draw note and ask for specific questions related to the request for that authority. Yet, quite frankly, in some cases, it's now evident to us that the government

bringing forward those requests do not have programs in mind.

A lot of cases already have additional Loan Authority that are on the books and therefore, in some cases, do not require it. So I questioned the Minister then, and he says that there probably is good reason to put on some curtail of the period of time in which some of them could possibly sit on the books - and I'm talking about unused authority.

How then, can we bring that into action? I'm saying we, meaning the Legislature. Will he initiate to do that?

HON. E. KOSTYRA: Yes, I will look at it and then provide for action, I would think by the next Legislative Session, in terms of making whatever changes there needs to be, I would presume, to The Financial Administration Act, where it would be provisioned.

I would just point out that there is a process we go through when we look at all of the requests for Loan Authority. As you can imagine, or as you're aware, something like the Manitoba Agricultural Credit Corporation will have Loan Authority that keeps moving because, as loans are paid-off, that existing Loan Authority would be available for new loans to be granted. So there is certainly some ongoing activity within a portfolio that at times requires that there is no need for additional Loan Authority.

Also, with respect to Crown corporations, a good part of their Capital programs, at least ongoing Capital programs, are financed from sources within the corporation. I would say something like Limestone, that's not possible, but a good portion of the ongoing capital programs in the Manitoba Telephone System is an example which is financed . . . It doesn't necessary reflect the total amount of Capital activity in those corporations.

But as I said, I think it's worthy of review and possible action so that there is some point in time when that authority will lapse and we'll undertake to review that, to see what range in time that might be.

MR. C. MANNESS: Well, Mr. Chairman, I'm encouraged by what the Minister says. Last year we had this discussion, either in the Estimates or in one of the Committees of the Whole, and the Minister at that time showed some sympathy for my remarks. Hopefully a year later, being today, he will act on it and present something for the next Session.

Mr. Chairman, my only reason for bringing it up is because we have a government in place today that's going to the market for huge sums of money. Let's remember that, although this year the loan request at this point is of a smaller magnitude, not yet in my view reflecting the requirement that may be needed to support the purchase of another Crown corporation, nevertheless, over the last - two out of the last three years - we've been granting Loan Authority in the area of a billion dollars. These are huge sums of money. Quite frankly, I don't think in some cases we give adequate debate and adequate scrutiny to those requests.

HON. E. KOSTYRA: Just a couple of points; one is, just so the member is aware, the Loan Authority that was presented in the Budget and that which will

ultimately be presented to the House, will change. One area that you spoke of is an obvious one, and if that is resolved, that there would have to be authority to deal with that particular acquisition.

There are probably two other changes to that that are somewhat minor in comparison to the one we just spoke of, but there will be additional changes. As soon as those are finalized, I will be following the normal House practice to get a new message from His Honour, and then provide that new one in the normal fashion; but there will have to be an amendment to what was laid out in the Budget.

MR. C. MANNES: Mr. Chairman, my final point is, we were going to be somewhat complimentary of the reduced borrowing requirements or Loan Authority. But isn't it amazing what happens in the space of two months when an NDP proactive government is in place and decides they want to buy something? - because I dare say it will probably double from that estimated originally in the Budget.

Pass, Mr. Chairman.

MR. CHAIRMAN: Pages 26 to 31, inclusive, were each read and passed.

Page 32 - Mr. Mannes.

MR. C. MANNES: Mr. Chairman, I haven't seen before in an Auditor's Report - I could very well have missed it - a graph showing the great differences between revenues and expenditures. What is it that the Auditor is trying to depict here graphically?

MR. F. JACKSON: This isn't a new technique at all, but it's new to the Audit Office in the Province of Manitoba. Other auditor reports have been using this type of approach for a number of years.

What we feel it does is just graphically present information that's considerably clearer, sometimes, than just straight figures.

MR. C. MANNES: It certainly does reflect that, Mr. Jackson. Would you care to interject any commentary as to whether or not there were some good years in the span between 1978 and 1986, and I talk about the performance of the economy of the Province of Manitoba, and draw any conclusions as to why those two lines never seem to come together during that period of time?

MR. F. JACKSON: Well, one of the areas that we think this type of presentation is significant, in that it helps highlight our perspective on the multi-year planning that we think is essential.

MR. CHAIRMAN: Mr. Scott.

MR. D. SCOTT: A question to the Provincial Auditor. I wonder, Mr. Jackson, whether or not you would consider an additional graph here, as well, showing these two in constant dollars, and then we could get a better - not necessarily better. You show it here in current dollars, the expenditures and rate of growth of revenues, and I think if one was presented in constant dollars as well, one would still see both those rates of

growth between them, and the discrepancies between revenue and expenditure. I'd be interested to see the rate of growth on constant dollars to see - I think it gives a more accurate presentation perhaps when inflation is attempted to be considered.

MR. F. JACKSON: That's something that we wanted to have a look at. I think that it was a matter that came up and was discussed. The timing was a factor and we considered that. There were still spreads, but it was a less dramatic situation.

MR. CHAIRMAN: Page 32—pass.
Page 33 - Mr. Mannes.

MR. C. MANNES: Mr. Chairman, I beg the indulgence of the committee that we not pass page 33 right now, that we skip over it. I have a colleague who had one specific question in this area and can't be here right now, but who will be here. Is there agreement with the committee?

HON. E. KOSTYRA: If there's agreement, why don't we just continue on and then you can . . . we'll pass the whole works as a block at some point wherever we're at. Move on without passing the page and then when he comes to asks the question, then we can ask for page 33, or wherever we're at.

MR. C. MANNES: Very good.

MR. CHAIRMAN: Page 34—pass; page 35—pass; page 36—pass.
Page 37 - Mr. Mannes.

MR. C. MANNES: One question to the Auditor with respect to conflict of interest. I would ask the Minister, or I would ask the Auditor if he's happy with the guidelines that are in place today. I know the government has put some effort into bringing forward some guidelines.

MR. F. JACKSON: We think that guidelines are a significant improvement and that they help administrators, managers and staff at all levels to have a better understanding of the expectations on them, so we think it's very helpful from an overall administrative situation.

Like anything, there is still room for improvement as the experience develops. The central agency has a bank of experience and knowledge that they can draw upon that will be increasingly helpful to departments to deal with individual situations but, on the whole, we're pleased.

MR. C. MANNES: Is it within your area or sphere of responsibility, Mr. Jackson, that you would pass judgement in an area of conflict of interest associated with Members of the Legislature. Or do you feel that the specific bill in place dealing with that is sufficient and that therefore you have no reason to be involved in that affair?

MR. F. JACKSON: I don't feel that we've really studied that particular bill extensively enough to comment on it.

MR. C. MANNESS: Are you precluded from studying it and drawing some responsibility, if requested, either by government - first the member of the Government or the Cabinet or indeed a member of the Opposition? Could you be drawn into providing legal opinion or, let's say, professional opinion?

MR. F. JACKSON: We're not precluded. It would be something - yes - that we could be drawn into.

MR. CHAIRMAN: Page 37—pass; page 38—pass.
Page 39 - Mr. Manness.

MR. C. MANNESS: Mr. Chairman, I ask the Auditor in this area of Review of Government Control over Compensation by Crown Agencies. I know the Auditor, over a series of years, had drawn to the attention, drawn his attention to the fact that remuneration paid to senior staff people of Crown corporations isn't always consistent.

I know the government has been working toward developing some set of criteria that would allow greater consistency. I have to ask the Auditor why that's so important in his view point? Why is it important that government bring into an area a consistency, in a pay scale sense, salaries as between various senior officials in various Crown corporations.

MR. F. JACKSON: One of our perspectives on this is that it makes a considerable difference for staff morale across the whole area of government interest. What happens is that the salaries for those immediately under the senior executives tend to be set in relation to what the salary level is for the senior executive. So if you have an agency where the senior executive is set at a multiple, or considerably in excess of what the salary level might be in a different Crown agency, you would generally find also, some differences between the second and the third levels. Our findings are that it can impact not just one agency's morale, but it can impact on morale of the service generally.

MR. C. MANNESS: Surely some managers - indeed, first or second-level management below senior managers - general managers - must have greater demands of their time and their responsibility, and surely that has to be reflected somewhere.

MR. F. JACKSON: We're not at all adverse to significant differences in salary levels for key players in administration. When there are significant differences, we think that there should be rationale for that and a good explanation so that it's readily understandable.

MR. C. MANNESS: I'll ask the Minister of Finance then, where his counterpart - some of us would say, his superior, or the super Minister in charge of Crown investments - where is his study and policy manual with respect to this. I know that the government has been working on it. Has it been released, and if it hasn't, when will it be, as to the comparison and criteria used to put in place various salaries?

HON. E. KOSTYRA: First, I just want to comment on the previous discussion. This is a difficult area because,

as Mr. Jackson pointed out, there are those kind of problems associated with salaries in some of the Crown corporations. However, I guess on the other side of the issue is the fact that at certain levels of position and for particular expertise in some Crown corporations, market forces have a more domineering effect on salaries than they may have in other areas, where there's a more common availability of a certain kind of expertise in salaries, which sometimes makes it difficult to set an appropriate system or level, and in many cases, there's this availability of expertise in those areas.

Having said that, the government is concerned about this area and did launch into a study and I believe the report is imminent. I can't tell the member specifically when that will be, but I can undertake to talk to the Minister responsible for Crown Investments to provide that answer to him.

MR. CHAIRMAN: Page 39—pass; page 40—pass;
page 41—pass.
Page 42 - Mr. Manness.

MR. C. MANNESS: Mr. Chairman, can the Auditor tell us what departments of government, at this time, are carrying on internal audits?

MR. J. BOTHE: At the present time, almost all of the larger departments do have internal audit departments operating.

As well, there is a review being undertaken by some of the smaller departments to consider the ways in which they are able to fulfill the internal audit function, without perhaps having full staff years assigned to the individual departments.

MR. CHAIRMAN: Page 42—pass.
Page 43 - Mrs. Carstairs.

MRS. S. CARSTAIRS: Mr. Chairman, I'm particularly concerned about the auditing procedures of the Department of Community Services and Corrections, because if one looks at a comparison from 1982 until 1987, in terms of percentage, you see this department has perhaps been overspent more than any other department in government.

Has there been any significant changes other than the ones indicated here, and I think particularly now with external agencies who are getting more and more of their funding from this department. What kind of strengthening is going on in that particular department?

MR. F. JACKSON: Mr. Bothe, could you give an initial answer to that, please?

MR. J. BOTHE: In terms of the expenditures of the department, there have been some changes that have taken place in regard to the information system. I believe a recent bulletin has been processed, which resulted in some changes in the staffing levels, to address certain aspects of the operation of the department.

MRS. S. CARSTAIRS: Is it anticipated that the Auditor will in fact be looking at the specific agencies that are receiving funding? The reason for asking that, quite frankly, is I've now received Annual Reports from some

of these agencies and very, very little financial information other than this was our revenue, and this is what we expended, and this is our bottom line; no staff component, no detail of where this massive amount of revenue was in fact spent.

Is there any investigation anticipated by the Auditor with regard to demanding that there be much more thorough auditing and much more thorough presentation for public investigations of what's going on in those agencies?

MR. J. BOTHE: As a regular product of the audit process in our work, we do undertake a review of the grant accountability. I think that's what is being referred to here. The grant payments that are being made to a number of the agencies of government and part of our audit process does include aspects dealing specifically with payments that are made by the department to the various agencies.

In addition, I should comment that a number of the departments also have processes in place to ensure that there is a monitoring capability over the grant payments that they make to such agencies, because there is an accountability cycle that is involved, and the monitoring of it forms part of that cycle.

MRS. S. CARSTAIRS: But the Auditor doesn't anticipate any special reviews in the next while of any of these external agencies?

MR. F. JACKSON: As part of our ongoing process, there's provision in our act for something called an "inspection audit." - that maybe where we choose one or two agencies in the course of the year and review the procedures in place, and see how they compare; or if there's a satisfactory comparison between the standards for fiscal control, monitoring, management information systems, levels of expenditure, etc., so that we have a feel - when we're through with that inspection audit - whether it would meet the same level of expenditure as what we would expect in the public service itself.

MR. CHAIRMAN: Mr. Connery.

MR. E. CONNERY: Yes, there's been some ongoing problems with Business Development and IT and T in their financial management. The Auditor has raised this issue in the last two years that I am aware of. What is happening? Is there going to be some improvement in the management function?

MR. F. JACKSON: There already is a significant improvement in the management function. There were changes at a senior level in staffing. There was new staff brought in and the emphasis on the department is considerably different. We're satisfied, at this point, that the changes that are being made are meaningful, and should enable us to discontinue comment in this area.

MR. E. CONNERY: We're not finished the Estimates for Business Development and Tourism. One of the very disturbing things I find is that the Jobs Fund money is not listed in the department at all.

Last year because I didn't ask the right specific question, I didn't know exactly how much Jobs Fund money was being spent or was potentially to be spent in Business Development. It turned out that it was \$15 million. This year it's \$13 million, something. There's nothing in the Estimates to show what is being targeted with this Jobs Fund money.

Does the Auditor think this is a proper way for the government to present Estimates? They say, well you've got to go to the Jobs Fund, but in the Jobs Fund, they say well it should have come under BD and T and you're given the fast shuffle. I'd like some comments on that.

MR. F. JACKSON: We don't think, and we haven't thought for several years, that the Jobs Fund information is appropriately disclosed. We've had comments to that effect in our report. It's one of the things that the Minister of Finance has addressed in his report, in response to the committee, on our major recommendations.

MR. E. CONNERY: It's obvious the way that the money is done through the Jobs Fund that the government is trying to make sure that the Opposition and the people of Manitoba really don't know where this money is going until it is finally expended. So we don't have an opportunity to properly criticize the department if we don't know what's in there. Unless you ask a very specific question, then you don't get the answer, and last year I was not given all the answers that I should have had and I find out now there was \$15 million from the Jobs Fund.

MR. CHAIRMAN: Page 43 - Mr. Manness.

MR. C. MANNESS: Pass.

MR. CHAIRMAN: Page 43—pass; page 44—pass.
Page 45 - Mr. Manness.

MR. C. MANNESS: Mr. Chairman, the Auditor draws a note to various department overexpenditures. This was for the fiscal year ended March 31, 1986. I'm wondering if he could give us a preview as to what happened in fiscal year '87. Did that situation correct itself in the fiscal year just completed? Indeed, were there some significant reductions in those instances?

MR. F. JACKSON: My initial comment would be that the information that's provided isn't all available until sometime later in the year. But perhaps the Acting Comptroller would like to comment on to specifics at this point in time.

HON. E. KOSTYRA: We answered that question from our standpoint at the last meeting. You asked the same question in the overview because this is the detail that was in the overview. We indicated we don't have that information at this point in time. It will be some time before we can do it.

MR. C. MANNESS: Yes, I remember now that the Minister mentions it, I do remember saying that.

Mr. Chairman, with the committee's indulgence, I'm sort of trying to pick out from memory some of these

areas that hadn't quite been marked clearly enough. But I would like to back up just to the page before, if I can. There's one little question there I have, dealing with Manitoba Properties Incorporated.

Can the Auditor explain, from his viewpoint, why the government has to, when it lays before us an Interim Supply Bill like we passed the other day, why he has to seek additional authority by way of that instrument? And I must say that at this point the reason that additional authority is required as spelled out within the bill, the Interim Supply Bill, was to support Manitoba Properties Incorporated.

Could the Auditor tell me why that additional authority is required?

MR. F. JACKSON: What we're dealing with there is commitments that go far into the future, and when you're going to go into the contractual commitment, there needs to be an authority base to enable you to do that.

What's involved here is the rental requirements under the Manitoba Properties Corporation that go well into the future and there needs to be a commitment authority to enable them to do that.

MR. C. MANNES: I thank the Auditor for that response. He has now given me the key and I will continue the argument in another forum, or the debate, with the Minister of Finance.

MR. CHAIRMAN: Page 45—pass.
Page 46 - Mrs. Carstairs.

MRS. S. CARSTAIRS: Can the Auditor tell or explain why there seem to be \$906,000 in late accounts in the Community Services, Child and Family Services Division? It's a very large sum of money in proportion to their overall budget.

MR. F. JACKSON: Perhaps Mr. Bothe could give us some insight into that. He's a little closer to that situation than I might be.

MR. J. BOTHE: As I recall, the department does have some expenditures that are processed relatively late in the fiscal year on a regular basis, and the amount that was brought forward after the March 31 year-end was a part of that process and gave rise to the large overexpenditure.

MRS. S. CARSTAIRS: Has there been any recommendation on the part of the Auditor to better budgeting procedures in this department so that they in fact have unexpended money on March 31 to cover those kind of late accounts in the future?

MR. F. JACKSON: Yes. We recommended that the department review its commitment procedures and the Department of Finance officials are also working with the department to make sure that isn't an annual occurrence.

MR. CHAIRMAN: Page 46—pass.
Page 47 - Mr. Manness.

MR. C. MANNES: Mr. Chairman, I would ask the Auditor to comment on the Brandon University funding with respect to the Queen Elizabeth II Music Building.

Has the situation resolved itself since the completion of the year-end? What has the government and/or the university done to resolve this problem?

MR. F. JACKSON: I would ask Mr. Singleton to respond to that.

MR. CHAIRMAN: Mr. Singleton.

MR. J. SINGLETON: I'll respond to your question in two parts. The first part of the question being: Has the situation resolved itself? It has not resolved itself. As I understand, the amount of the liability has grown by the amount of interest accrued during the past year.

However, to get to the second part of your question, it's my understanding that both the Universities Grants Commission, the Department of Education and the university are actively working to find a resolution to this matter.

MR. C. MANNES: Could anybody tell me, the Minister of Finance, what the arrears are today with respect to the Music Building?

HON. E. KOSTYRA: I'm afraid we don't have that information here. We can either get it for him or have that directed to the the Minister of Education, whatever he would like.

MR. CHAIRMAN: Page 47—pass.
Page 48 - Mr. Downey.

MR. J. DOWNEY: Mr. Chairman, I would deal with the Communities Economic Development Fund for a few minutes, and the question would be to Mr. Jackson, dealing with documentation that a loan that was made by the Communities Economic Development Fund to Mr. Norman Gunn by the Cabinet, and all loans have to be authorized over \$200,000 by government, by Cabinet document.

Has there been any special audits or any - not only special audit but an audit of all activities of Communities Economic Development Fund been carried out?

MR. F. JACKSON: We certify to the annual financial statements of the Communities Economic Development Fund. In the course of doing that, we review all of the significant transactions that have taken place over the course of the fiscal year.

So, to that extent, we're knowledgeable about the operations of the Communities Economic Development Fund.

MR. J. DOWNEY: Are all documents available to the Auditor, those documents which would be the basis for which decisions were made by the Communities Economic Development Fund?

MR. F. JACKSON: All available documentation is available to us. And again, one of the comments in our Annual Report requires us to comment on an annual basis whether we've received all the information that we required.

We've been able to respond positively to that question again this year.

MR. J. DOWNEY: Mr. Chairman, I'll just go through it and give the Auditor my concern as I've given to the Minister responsible for the Communities Economic Development Fund and continue to have concerns because we are still not able to get the Communities Economic Development recordings of our last committee meeting, and they're waiting to go over them; and they're still waiting from the Communities Economic Development Fund, or the government, for information dealing with some specific loans.

So I'm pleased that the Auditor has that information available to them, or his department has, because I think it's extremely important in this coming year that there be a complete reporting of a loan made by the Government of Manitoba, by the province, to Norman Gunn, a loan and loan guarantee of \$350,000 to - I'm sorry - of April of 1986 to an individual that was in extreme financial difficulty at the time, if any appropriate checking had taken place, and that by September of that same year, the individual may not have gone completely bankrupt but was on the verge of it or was in a very difficult financial situation.

The funds which were allocated to that individual who was not living in a remote area of the province, but living in Winnipeg, who was in a contractual agreement with the university building or working in the City of Winnipeg, outside the terms of the act, or outside the act, so I ask the Auditor if he has taken or had specific knowledge of that, or looked specifically at that loan and that activity by the Communities Economic Development Fund?

MR. F. JACKSON: I would ask Mr. Singleton to respond to that.

MR. J. SINGLETON: We are aware of that loan having been made. However, I believe that loan was made during the 1986-87 fiscal year, so that our review of an audit of has not been completed at this point in time.

Certainly we intend to look closely at that during our regular audit of CEDF.

It's my understanding that the loan was made in accordance with the act for the benefit of Manitobans, Northern Manitobans, primarily because most of the workers to be employed by the grant were in fact a resident in Northern Manitoba.

I understand as well that it looks as though a significant portion of the loan will be recovered through the securities that were obtained at the time the loan was granted.

However, I can't be more conclusive than that until we complete our review of the loan.

MR. J. DOWNEY: Is it correct that there is active investigation of the loan taking place at the current time by the Auditor's department?

MR. F. JACKSON: As indicated that's one of the loans that has received some publicity. Whenever an item receives publicity we want to satisfy ourselves that we've looked at it as thoroughly as the circumstances warrant.

MR. J. DOWNEY: Well, in view of the fact that for, I think it's at least two if not three consecutive years,

the Auditor's department has indicated that the Communities Economic Development Fund did not have an accurate reporting system, an accurate account of the continuation of a loan.

I would suggest, Mr. Chairman, that I don't think it's good enough for an uncover by chance, so to speak, that we have to just depend on what I would say a fairly hit-and-miss system of trying to find out what and what is not going on within some of the loan departments of government and Crown corporations.

And I would hope, Mr. Chairman, that the Auditor, and I would request that the Auditor would pay specific attention to Crowns such as the Communities Economic Development Fund and, as it says here, that a special report be made to the Legislature when it is of concern to his department.

I think that it's incumbent upon that department, the Auditor's department, to highlight, not expect always that the media or the members of the Opposition should do it, but I think there are some highly questionable loan activities carried out and that it is incumbent upon him.

I do take exception to the one comment made a few minutes ago in that it was for all the benefits accrued to Northern Manitobans.

I am aware that there was a major contractual agreement between Mr. Gunn and the University of Manitoba, of which I felt there was very little, if any, benefits going to remote or Northern communities, that the benefits were accruing in the City of Winnipeg.

Granted, the Communities Economic Development Fund withdrew their support of and requested that the individual cease that contract, at what cost I don't know, but I would hope that we would get a full and complete report as to the losses and to whether or not what further measures should be taken by government and by the Communities Economic Development Fund to not get into the similar circumstances and exposing taxpayers' money.

That's one specific case which I'm referring to, and I would hope that if the Auditor sees fit - and I will be continuing to ask for this - if the Auditor sees fit that it is of a pressing importance, that there is some urgency because of exposure of taxpayers' money through some questionable loans of the Communities Economic Development Fund, that the Legislature be notified in a report before the next annual meeting of the Public Accounts Committee.

I think it's incumbent upon the Auditor's department to highlight for us and for the public any areas of concern that his department has and not necessarily wait for the annual Public Accounts meeting, that it be done on an interim basis if he sees fit - as the act indicates is the responsibility if it's of pressing importance, and/or urgency.

Mr. Jackson may want to comment or respond to that, Mr. Chairman.

MR. F. JACKSON: Well, I thank the member for his comments and they are received, they're noted and they won't be forgotten.

MR. J. DOWNEY: Thank you.

MR. CHAIRMAN: Page 48 - Mrs. Carstairs.

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MRS. S. CARSTAIRS: Yes. There's a recommendation here that the necessary funds be provided by the province's appropriation for the Legal Aid Services Society of Manitoba and the hope that it would be resolved in the '86-87 fiscal year.

Was it indeed resolved in the '86-87 fiscal year?

MR. J. SINGLETON: With that agency as well, we have not completed our annual audit of it. However, we are aware that a Special Warrant was brought down to provide additional funding for the Legal Aid Services Society. It's our understanding at this point in time that that was in fact sufficient to provide all the funds required by the Legal Aid Services Society for fiscal '87. So we're anticipating that this particular issue will be resolved in next year's report.

MR. CHAIRMAN: Page 48—pass.
Page 49 - Mr. Manness.

MR. C. MANNESS: Mr. Chairman, I direct the members' attention to the Manitoba Beef Commission item. Are you any less concerned, Mr. Jackson, than you were a year ago with respect to the long-term viability of the Beef Commission?

MR. F. JACKSON: Well, there's been an economic downturn in the agricultural community as a whole. So, no, we're not less concerned than we were a year ago.

MR. C. MANNESS: Is it to the point, because the program was by government policy made eight years in length, where the government should begin to consider write-downs or valuation allowances, because indeed I think we're only three or four years away from the year of the end of that program in some respects.

MR. F. JACKSON: In response to your questions, we felt considerably better last year than we did in one regard, in that the valuation allowances that the Department of Finance uses, were broadened. There was a significant write-down in relation to the Manitoba Beef Commission program. So there were several million dollars written off; \$15 million as a matter of fact that was reflected against the advances to that entity.

MR. C. MANNESS: I'm referring to that page 2-12 of Public Accounts where there is some \$15.7 million written off and an amount outstanding of \$29 million. Is the Auditor telling me that roughly one-half of the pay-back requirements, the contractual obligations as entered into by beef producers in this province, have been written off by the province?

MR. F. JACKSON: The valuation allowance that I quoted, I quoted in error. The actual figure for the valuation allowance is \$27,249,000 as at March 31, 1986. That's on advances made of \$29 million.

MR. C. MANNESS: You mean the whole program has been written off basically by the Department of Finance signalling to you, Mr. Jackson, indeed to the public, that the government expects virtually no pay-back under that program?

MR. F. JACKSON: Well, the valuation allowance, as I understand it, is basically based on the last financial audited financial statements of an entity. So to the extent that there's been significant deficits recorded, the valuation allowance picks up that and offsets it against the advances.

MR. C. MANNESS: Well, I think it's important that we ask the same question to the Minister of Finance.

I would ask the Minister if he then believes that there will be virtually no monies returned, no repayment, under the contractual obligations entered into by beef producers of the province, and indeed, was it administered by MACC? -(Interjection)- No, by the Beef Commission - government-appointed Beef Commission.

HON. E. KOSTYRA: I think there's no question that the amount required to ensure producers, with respect to periods of depressed cattle prices, has resulted in the need for the program and, too, the fact that there is considerable debt evaluation at this point in time, is as it's indicated using the process we have, whether or not that will be the accurate figure will depend on obviously where markets are, prices are, at the time of the need to draw down on that.

So it conceivably could be at that level, it could conceivably improve or it could worsen, although I guess it doesn't have much room in terms of a worsening situation.

MR. C. MANNESS: Mr. Chairman, who is responsible for determining the method of write-down? Is it somebody within the Beef Commission or is it, indeed, somebody within the Department of Finance? Clearly, over 90 percent of the obligation has been written down.

I can tell you this morning, Mr. Chairman, I had a phone call from one of my constituents, who hauled a number of his cattle to market, delivered a number and the deduction was made, the payback was made under his obligation under the contract, and who was in such desperate shape that the amount of money that was to come to him, what was left over, of course, which would be roughly 95 percent. The Beef Commission reported that surplus money to MACC and that was garnisheed in a sense. One arm of government reporting to another as to where they can find money.

The more direct question, Mr. Chairman. Who has written this down? Did the government decide that it's going to be a complete write-off? If they have, why won't they make that announcement to the beef producers of this province?

MR. CHAIRMAN: Mr. Curtis.

MR. C. CURTIS: Mr. Chairman, the policy has been to write the amount down by the amount of the loss that appears evident on the books of the commission.

One encouraging feature perhaps is the fact that that position has improved in this current year. It looks as if there'll be a gain on that aspect of it. But the overall process is to have the losses that are reflected in the statements written down. That's usually the amount of the write-down.

The expectation is that this, along with all other Crown corporations, will become part of the written policy by the new Crown department with respect to losses.

MR. C. MANNES: Mr. Chairman, I don't understand Mr. Curtis when he talks about - it'll be a written policy under the new Crown Investments Department, which isn't that new. But obviously there's a new policy to come in effect here.

Is Mr. Curtis saying that there are so many losses associated with so many Crown corporations, that there's going to be a new policy dealing with the manner in which all these losses are presented to the public?

MR. C. CURTIS: Mr. Chairman, what we are doing is looking at the method in which we will write down valuations and equity positions. That will become part of the policy that, hopefully, we'll have developed by next year.

MR. F. JACKSON: Perhaps for clarification, the valuation allowance is really an allowance that's provided as an estimate, at this particular point in time, as to what the advances might be.

It's not a write-off, if you will, and the accounts are still on the books of the entity and they're still striving to collect them. They're still working to have policies that will provide an appropriate pay back within the organization over the years. It hasn't worked out yet.

MR. C. MANNES: Mr. Chairman, I fully understand that the valuation allowance is recorded, it may not materialize; and indeed, there is a present upturn in the cattle market; there are significant pay backs being provided by a number of contract holders; and indeed, the amount that ultimately may be required to write down may not approach the valuation allowance, but that's not the point.

The point is, on what basis was \$27 million, out of \$29 million, brought forward to the books as a potential write-down? It seems to me that somebody in government, somebody within the Department of Finance, on the basis of two or three years experience or on some basis of some political decision, they know that the public doesn't - indeed at the end of the eight-year term, there will be a non-requirement to have to pay back the amount obligated still under contract.

MR. F. JACKSON: There's been a policy for a number of years against all of the Crown corporations, as to the valuation of the advances made by government. That policy was worked out, back when the act was changed in 1979 to provide additional information and make sure that there wasn't an overstatement of the provincial assets.

At that time, it was recognized that there should be valuation allowances against Crown corporations if, in fact, the operating results appointed towards the receivable being overvalued. In each of the years since then, there's been a valuation allowance against each of the Crown corporations that have a deficit in their financial statements. It's based on the last fiscal financial year that the valuation allowance is picked up from; there's no mystery to it. It's picked up off the audited financial statements. If there's accumulated deficit, that's the figure that's used for valuation purposes. That's described in page 88 of our Annual Report and it's also included in the Public Accounts.

What happened last year is that the Department of Finance, in conjunction with ourselves, appreciated that

the valuation policy wasn't as broad as it should be. So from that perspective, it was broadened to include some of the advances to other than strictly Crown corporations and, as a result, it encompassed a broader spectre than what used to be the case.

MR. C. MANNES: I have no quarrel at all about the general policy. Mr. Jackson says the application though was broadened. Is he saying that the Beef Commission before was not captured in the evaluation allowance?

MR. F. JACKSON: The Department of Finance will have that detail.

MR. C. CURTIS: The policy was broadened in '85-'86, Mr. Chairman.

MR. C. MANNES: Mr. Chairman, I imagine the Auditor's Report released last December, some of these areas, the commentary is probably developed at least a month prior to that.

Can the Auditor tell me today, being June '87, whether or not the Beef Commission or the government has presented his department with a better understanding as to how these obligations are going to be met, whether the evaluation allowance that has been put into place is correct and/or whether they're going to remove the requirement for pay back?

MR. F. JACKSON: I have no knowledge whatsoever as to whether the government will be removing the requirement for payment. That's a policy decision of government which hasn't been enunciated at this point.

The approach that the evaluation uses for evaluation of the advances, to my mind, is appropriate; and unfortunately to my mind there haven't been significant changes made that will cause the allowance to be recovered.

MR. C. MANNES: What the Auditor is telling me, if you were to be writing the report for fiscal year-end '87, it wouldn't change the material from what has been presented here?

MR. F. JACKSON: There would still be a significant valuation allowance.

MR. J. DOWNEY: Mr. Chairman, I have a question to the Minister.

In view of the fact that there appears to be certainly some shortfall of funds in the Beef Commission, a large deficit, will he be recommending to the Minister or will there be any policy change that will be going out to the beef producers that would change the terms of which they're expecting a pay back? To help them with a little better understanding, there is certainly some marketing procedures, collection activities, classes of livestock being sold now under the program that may or may not maximize the recovery of the province.

Is the Minister of Finance concerned about it? Has he had discussions with the Minister of Agriculture, or is it just running along in a politically appointed board manner of day-to-day decision-making and policies of the commission, or is there any directive coming from the Department of Finance, any discussions between

the two departments dealing with, first of all, the pay back and how it will be accomplished and, if there is policy change, is he going to be announcing it? Because I can tell you there are a lot of people out there who really don't know what current government policy is dealing with pay back and how much should be paid back, and if in fact there will be any paid back.

HON. E. KOSTYRA: Well, let me first say that I think if one steps back, and notwithstanding the fact that there is the deficit, this program has been extremely successful in ensuring that there is the continuation of all aspects of the beef industry in Manitoba.

I think that point has to be acknowledged because this plan is not only important to the primary producers who are raising the animals, but it's important to the finishing and the value added to the economy that comes from the processing in Manitoba, of Manitoba raised beef. So let there not be any doubt about the fact that this program has been very important in terms of ensuring the stability to this portion of the red meat industry in Manitoba.

In terms of ongoing discussions with the Department of Agriculture, we work with them and the commission to ensure that this program and other programs are meeting their objectives, and any difficulties relating to programs vis-a-vis losses are looked at. I'm not aware of any particular changes in the program or the pay back at this point. That question would have to be directed to the Minister of Agriculture in terms of any change in Beef Commission procedures.

MR. J. DOWNEY: Mr. Chairman, I think the point I have to make and want to make is that, No. 1, the Minister is somewhat being misinformed or not reading what the current situation is.

No. 1, we have seen the failure and the loss of Canada Packers in this province which is one of the major meat packing industry plants, with 850 jobs. We've seen a massive reduction in the livestock industry in this province losing numbers of livestock producers that have been traditionally in the business. And a lot of support to the beef industry has diminished even though he has been spending millions of dollars worth of taxpayers' money. It hasn't accomplished what it should have accomplished. And the point now has to be made, if the objective is lived up to as is what the government's objective was, and has been stated by the Minister of Agriculture, and is listed on page 49 of the Auditor's Report, and I'll quote it for him:

"We recommend that the Commission take steps to develop, on a priority basis, a long-range plan which clearly provides a realistic approach to achieving the goal of self-sufficiency for the Commission." Self-sufficiency, in my estimation, would be a balance at the end of eight years as has continually been talked about by the Minister of Agriculture. The point being, if it become too severe of collection mechanisms that are put in place, you will put those beef producers out that you supported initially.

I'm not against support for the beef industry. In fact, I was very strongly supportive of it. But the problem that I have is the continued ill-conceived programs that the New Democratic Party continue to put out, not for objective of helping the industry, but for the objective

of taking over the marketing and the central desk selling of livestock producers' products through a government-appointed central beef selling desk which has failed. That's the point that has to be made. It's failed dismally, and all it's done is provide long-term jobs for political hacks of the New Democratic Party and the Beef Commission.

But as far as the program is concerned, it's left the taxpayers with massive debt; it's closed packing plants; it's seen a massive reduction in our livestock numbers and we've lost jobs over the years that this has been in, and now there's a debt. The Auditor doesn't know how to report on it because of the lack of policy of government. The government doesn't know how to deal with it and won't state how they're planning to deal with it. Mr. Chairman, it's in a mess as every other Crown corporation and everything else this government has done. The industry is insecure, the taxpayers have lost money and the total thing is in disarray and I would suggest that he give some policy direction to either the Minister of Finance or ask for some policy directive to go out to the producers so they know where they're at with this ill-conceived program.

Thank you.

HON. E. KOSTYRA: Again, Mr. Chairman, we have the member doing damage to reality. He wants to talk about what's happening with respect to the red meat industry in Manitoba and he doesn't deal with . . . (Interjection)- He knows fully well why Canada Packers is closing, for two major . . .

MR. CHAIRMAN: The Minister has the floor.

HON. E. KOSTYRA: . . . for two major reasons. One is that Canada Packers decided, after years of operating in this province, that they weren't going to reinvest; and the second reason is because his cousins, his close cousins in Ottawa, decided to support an additional plant in the province in the hog industry when there was realization with everybody that there is no greater room for capacity in the hog industry. He knows that. He knows exactly what went on there and he knows that the major part of Canada Packers operations is not the beef operation, it's the hog operation, and when you kick that part of the operation out, there is not going to be anything left in terms of the beef operation.

What is the other aspect that the member wants to continue debate? He doesn't seem to want to listen to the answers. Just yesterday, we had an indication and announcement from Burns that they're increasing significantly their beef operations in the Province of Manitoba and the City of Brandon, and that's the same plant that the member not two years ago was saying that this government closed. Well, the reality today, again if he wants to deal with reality, is that plant is expanding under this government. It's expanding its beef operations in the Province of Manitoba.

And I'd like to take another look towards the future in terms of the beef industry. There will be other beef packing plants that will announce their expansion in the province shortly.

MR. CHAIRMAN: May I remind the members this is not a time for debate. It's questions on the Auditor's statement.

Mr. Downey.

MR. J. DOWNEY: Mr. Chairman, I have a question to the Minister of Finance and a brief preamble to it as well.

Mr. Chairman, he talks about Burns expanding. It's again those same cousins in Ottawa that are putting money into Burns for the expansion of it, as is his provincial government. It isn't the beef program that we're talking about or the supply of beef that is determining the decision. It is government support and government grants that's determining the decision, Mr. Chairman, not totally the beef supply or the tremendous profits in the beef industry. I think there is an encouraging incentive from taxpayers' money to do it.

Mr. Chairman, the question of the Minister of Finance is: How much money did the Province of Manitoba, through water services or the Jobs Fund or any other program, put into the Neepawa plant?

HON. E. KOSTYRA: Well, Mr. Chairman, this is turning out to be an interesting debate. Just moments ago, we heard the member saying the reason for the Canada Packers closing was this beef stabilization program. Now he's saying, on the other hand, the reason for the expansion of Burns is in spite of the beef stabilization program, that it was other factors that they took into account.

MR. J. DOWNEY: I didn't say that at all.

HON. E. KOSTYRA: So I mean you can't continue to talk out of both sides of your mouth. You can't talk about on one hand and on the other hand. You can't always be inconsistent as you are . . .

MR. J. DOWNEY: Because of government grants. Not because of the Beef Commission.

HON. E. KOSTYRA: You have to deal with realities sometime, and I wish the member would do that and deal with the reality of the situation.

MR. CHAIRMAN: I think we're drifting away from the topic slightly. I've allowed some latitude.

MR. J. DOWNEY: This is dealing with the Beef Commission, Mr. Chairman.

MR. D. SCOTT: I'd like to get back to the Auditor's Report, and just for my own understanding and for other members of the committee who may not be quite as conversant with the details of how the program is run.

To go back to when the program was first started, the money that was paid up front to the producers, is that money included in any of the figures we see here - the 27 or the 29? To Mr. Jackson.

MR. F. JACKSON: Mr. Singleton.

MR. J. SINGLETON: I'm not sure exactly where that money would have been provided, but I believe all the money that the province has provided to the Manitoba Beef Commission has been in the form of advances.

So the initial money would be included in the 29.3. However, I stand to be corrected. There may have been some grant monies in past years of which I'm not aware. I think if that's going back to inception, we might have to take that question as notice and get back to him.

MR. D. SCOTT: Have they been able to verify . . .

HON. E. KOSTYRA: We'd have to look at that in detail.

MR. CHAIRMAN: And provide an answer to you.

MR. D. SCOTT: Okay. Now I want to gain a better understanding of these figures. Does this mean that the province, since the program or since the commission has been established, has advanced \$29.5 million to the commission and the commission has turned around and, through operating losses, has lost \$27 million? Is that relatively accurate?

I'm trying to find out if you add the 27 and 29, or whether you add and subtract them, or just what the total liability to the province is. If the program was to be written off today, we would be writing off \$27 million or \$29 million or \$58 million?

MR. J. SINGLETON: No, you do not add those two numbers together. The \$29 million represents the total investment of the province in Manitoba Beef Commission to the end of the year, March 31, 1986. If there was a need to write that amount off, the cost would just be the \$29 million.

MR. CHAIRMAN: Page 49 - Mr. Manness.

MR. C. MANNES: Mr. Chairman, I just want to ask one final question on this whole area and it's to do with the propriety of one Crown corporation that is owed money by a farmer, telling another Crown corporation which is also owed money by a farmer, telling that third party how it is that they have access to the proceeds of a sale, and that they will hold it, hold it in abeyance and will turn it over the proceeds to, in this case, MACC; all of this without notice to the individual producer.

Mr. Chairman, to me, when we talk about conflict of interest, when we talk about the removal of rights, surely to goodness there can be no greater example of that - at least those of us who have wages garnisheed receive some notice. But I would like to ask the Auditor about the propriety of one Crown corporation holding funds for another.

MR. F. JACKSON: My understanding is that under The Garnishment Act, there is a provision for a person that's owed money to issue a notice through the court system that can provide that second entity to analyze any payments that are in the process of being made and attach that money.

MR. C. MANNES: Mr. Jackson, you miss my point. Exactly that is what a garnishee notice does. But this case, we have one Crown corporation telling another one that revenue, proceeds from sale can be confiscated at that point, in this case, being the Manitoba Beef Commission. And indeed, those

proceeds will be directed over to another Crown corporation, being MACC, who have a loan with the individual selling beef through the Manitoba Beef Commission.

My question to you is: Do you see some impropriety in that?

MR. F. JACKSON: I suppose what you're into is a morality and an ethical-type situation, as opposed to probably a legalistic one.

In the final analysis, I guess it's the Legislature of Manitoba that's created all of the laws and all of the statutes, and that all of the entities are at work, working for the Legislature and the people of Manitoba.

What we've got is, we've got some technical divisions that have been established, but each one of those entities, I think, are sitting there to do the will of the people of Manitoba as espoused by the Legislative Assembly.

MR. C. MANNES: That's not at all in question, Mr. Jackson. What is in question is the right for an individual to know as to what's happening with the proceeds of a sale of many hours of work.

MR. F. JACKSON: I would think that, from my perspective, that whenever an individual's expected remuneration is going to be attached, there should be communication.

MR. CHAIRMAN: Page 49—pass; page 50—pass; page 51—pass; page 52—pass.
Page 53 - Mr. Manness.

MR. C. MANNES: Mr. Chairman, my question comes under the area of Manitoba Housing and Renewal Corporation. I will take just a second to present it in proper order.

Mr. Chairman, this is sort of a dual question coming between the Housing and Renewal Corporation and also the MPIC, Manitoba Public Insurance Company.

Can the Auditor tell me whether MPIC has the opportunity, if it so wishes, to direct funding into public housing? As we are well aware today, surplus revenues and profits have been directed in large fashion into schools and hospitals. Can you tell me whether indeed the government can direct MPIC to invest surplus funds into Manitoba Housing and Renewal Corporation?

MR. F. JACKSON: I'm not aware of whether or not there is that authority. Perhaps Mr. Curtis might be able to best respond to that question, because I think the investment of the MPIC funds comes within the jurisdiction of the Department of Finance.

HON. E. KOSTYRA: As far as we know, there are no investments in housing.

MR. C. MANNES: I'm not questioning whether there are any investments at this point in time because I think there are not. But I do know that certainly in 1984, and in the board minutes of MPIC, there was major discussion given to that possibility, and I believe also at subsequent meetings that there be earmarking of MPIC funds for housing projects.

My question therefore to the Auditor is: If indeed MPIC did this, would they have to draw to his attention that there was a new policy with respect to the investment of funds? Could they do it on their own? And thirdly, would you look at the authority as to whether or not they have the right to do it.?

(Mr. Deputy Chairman, D. Scott, in the Chair.)

HON. E. KOSTYRA: The authority for investing funds of MPIC rests with the Department of Finance with the Minister of Finance. So I suppose the board of directors could make some recommendations with respect to the investment policies, but ultimately it would be the government's decision.

MR. F. JACKSON: As far as the investments of funds go, that would be a matter of authority; and if we saw any non-compliance with the authority, it would be again a manner that you'd be reading about in our Annual Report.

MR. C. MANNES: A final question.

Can either the Minister of Finance or the Auditor tell me whether or not MPIC has the authority today to direct funds into public housing?

MR. F. JACKSON: My understanding is that they have not. They don't have that authority.

MR. C. MANNES: Would the Minister of Finance like to comment on that?

Mr. Chairman, then we have access to board minutes of MPIC. Again, we will not see that as an agenda item where indeed some consideration has been given to the investment of funds into public housing?

HON. E. KOSTYRA: I mean the board of any corporation or I guess anyone could make suggestions in terms of what might happen. If that's not within the authority that's granted, then it won't happen unless that authority is changed, if that particular recommendation or any other was accepted. So I'm not going to say that you're not going to find a board or individuals discussing a matter like that or any other matter.

MR. DEPUTY CHAIRMAN: Page 53—pass; page 54—pass.

Page 55 - the Member for Morris.

MR. C. MANNES: Under Universities Grants Commission, I would ask Mr. Jackson to amplify his comment where he says "We are concerned that one post-secondary educational institution is subsidizing the operations of other post-secondary educational institutions through provisions of computer services below cost." Could you tell me which institution that is?

MR. F. JACKSON: My understanding is that the university we felt was doing the subsidizing was the University of Manitoba.

MR. C. MANNES: And you say which post-secondary institutions they were subsidizing?

MR. F. JACKSON: Each of the other two universities.

MR. C. MANNES: Under the Workers Compensation Program, Mr. Chairman, I would ask the Auditor to comment on the propriety of funds being taken from that board and directed toward Worker Advisory Programs. Would that not be a proper function - more properly accounted for - within the main appropriations of government?

MR. F. JACKSON: My understanding is that the Worker Advisory groups are funded through an appropriation of government. There's a charge-back method for that.

MR. C. MANNES: Is it all charged back?

MR. F. JACKSON: That is my understanding.

HON. E. KOSTYRA: I believe that to be the case. I can't say that definitively.

MR. CHAIRMAN: Page 55—pass; page 56—pass.
Page 57 - Mr. Mannes.

MR. C. MANNES: Mr. Chairman, again under Manitoba Public Insurance Corporation, because I think we've given our attention to the special audits above that, but on the Public Insurance Corporation, again a similar question to the one I just posed with respect to the Compensation Board; there are two programs that are being funded by MPIC - those being the Alive Driving Program and of course the Driver Education Program.

Can the Minister tell me, or can the Auditor tell me whether those are being charged back too, or whether indeed they are being funded out of the premiums that are paid by drivers to Autopac?

MR. F. JACKSON: I'm awfully sorry. I don't have that detail with me and I'm not sure what the situation is as at March 31, 1986, but . . .

HON. E. KOSTYRA: I'm just going by memory now so I can't claim to be totally accurate but I believe that with respect to MPIC there have been some transfers of responsibility that at one time were part of the Department of Highways and Transportation, that became the responsibilities of the Manitoba Public Insurance Corporation. I believe in this case those functions were actually transferred to the Manitoba Public Insurance Corporation, rather than the other example that we just dealt with, with respect to the Workers Compensation, where they remained a government activity with a charge-back to the corporation. If the member desires more detailed information, I can provide that subsequently, but I believe in general that has been the case with respect to Manitoba Crop Insurance Corporation.

MR. C. MANNES: Who rules in a case like this? - and I ask Mr. Jackson. I mean if there's no clear authority as to who should pay for these programs, whether it's the Crowns or indeed it's the appropriation of government, who makes the ruling?

MR. F. JACKSON: What we're talking about is a policy decision as to a particular program aspect and it would

be a decision that was taken after the merits of the program were considered and as to who was the primary beneficiary of the program. I would have a great deal of difficulty if we're talking about safe driving in Manitoba, why that wouldn't be primarily a function of the insurance industry who was the prime beneficiary of safe drivers.

HON. E. KOSTYRA: To follow up on that, I would just ask the Provincial Auditor that if there were any organizational changes like that vis-a-vis government activity and Crown activity, if those were not in compliance with the relevant legislation, I would think that that would be a matter that would spring to my attention or highlighted in a report like this.

MR. C. MANNES: Mr. Chairman, I would have to react to something Mr. Jackson said, I would have to say that the prime beneficiary if they are safer drivers, and the ALIVE Program works, it would have to be the appropriation of the Department of Health. So I guess I again raise the question, where . . .

HON. E. KOSTYRA: It's not true, if there's an accident, it's charged to MPIC, not to the Department of Health.

MR. C. MANNES: But if there isn't an accident, we don't have a health problem.

HON. E. KOSTYRA: It's not the health cost. The health costs were charged to MPIC. If you get in an accident, all your health costs are payable by the corporation not by the Department of Health.

MR. F. JACKSON: Actually, that's quite right. The MPIC has recoveries through the health program to make sure that it's paying all of the costs relevant to an accident that's incurred on the highway. There are bill-back systems so that the health costs are reimbursed to the Department of Health through the Manitoba Health Services Commission.

MR. C. MANNES: Am I wrong then in assuming that driver education programs and the ALIVE Program that we have in place are really not in place to minimize the frequency of accidents and, therefore, personal injury and, therefore, health related costs, that their prime purpose is to minimize insurance rates?

MR. F. JACKSON: I'm not sure. To be honest, I'm not sure about that. We haven't studied that particular program.

HON. E. KOSTYRA: Mr. Jackson didn't have the opportunity to answer my question.

MR. CHAIRMAN: I'm sorry.

HON. E. KOSTYRA: Well, I raised the question that if there were organizational changes like the two that we discussed, one under MPIC and one under the Workers Compensation, if those changes in any way did damage to the respective legislation, would you bring that to my attention or would you highlight that or, in addition, highlight that in your report?

MR. F. JACKSON: As a matter of policy, if there seems to be deviations from cost centre allocations that seem to be inappropriate, whether it be at the Crown corporation level as opposed to one Crown corporation or another Crown corporation, or as opposed to a Crown corporation and a departmental appropriation, we have commented as an office in times past if we thought that was inappropriate and that's a policy that we would continue to pursue.

MR. CHAIRMAN: Page 57 - Mr. Manness.

MR. C. MANNESS: Mr. Chairman, the final item on that page - under the October Partnership - has the Minister in charge of Crown Investments or indeed the Minister of Finance provided you with additional policies addressing the issue of contracting with former employees?

MR. F. JACKSON: We haven't received any additional information in relation to policies in relation to contracting with former employees.

MR. C. MANNESS: I would ask the Minister of Finance whether or not this is forthcoming and whether he takes seriously the request and the recommendation from the Auditor?

HON. E. KOSTYRA: Yes, we take seriously the recommendations of the Auditor and we are working on a policy and there has been work done by the Commission reviewing the various aspects of it.

It's not without its difficulties. If you start following through any kind of a process that says that one can't enter into contracts back, you can then take further to look at other potential areas that may not fall into formal contracts but where people leave the government and get involved with related agencies, and you get into the whole policy area of taking information that was gained during government, and using it for other purposes. So we've been spending some time going down those alleys to try to come up with something that will meet the needs but at the same time recognize what takes place in terms of movement of people.

One of the concerns would be, on the one hand we like to encourage people to take on careers in the Civil Service and from time to time we attempt to encourage people to move from one level of government into another level of government for periods of time, or from the private sector into government. If one makes fairly restrictive policy in terms of these kinds of things it could inhibit the opportunity of continued development of management within the public sector.

MR. CHAIRMAN: Page 57 to page 62, inclusive, were read and passed.

Can we pass all exhibits or do you have some . . .

MR. C. MANNESS: There was one question I had and I'm trying to find . . . Well, I can't find a proper title but I'd just like to ask it specifically anyway. It's again another issue dealing with Crown Investments in capital. I'd like to ask Mr. Jackson how closely his department reviews capital expenditures in any department or in any Crown corporation. I am thinking specifically of

overruns. Quite often, capital projects do have overruns. How closely does your department look into the rationale and the reason or the support given, as to why there needs to be an overrun?

MR. F. JACKSON: One of the things that we do as a matter of course is to try and stratify our audit approach so that the more significant expenditures are given greater attention in relation to their magnitude as compared to smaller expenditures, which causes us generally to give greater attention to the larger expenditures of a capital nature.

If in fact there are overexpenditures on any prior approval level, that requires subsequent reapproval by the entity or the organization that gave the initial approval. So for overexpenditures, we're looking at the reason for the overexpenditure and we're looking to see that there is a subsequent approval for that overexpenditure. If we detect trends in any particular department for overexpenditure, that means to us that we should also be looking at their management process, the planning process, the estimating process, etc., that goes into that. And we do that, not on a regular basis, but we do that from time to time.

MR. C. MANNESS: Mr. Chairman, Mr. Jackson seems to indicate that his department has no suspicions related to growing trends of overruns within capital construction? Specifically though, does his department look at the overrun? Does that department determine their nature? Are they strictly related to capital in all cases, or have there been any cases ever documented whereby they weren't capital, they were just an area of covering up possibly current expenditure?

MR. F. JACKSON: Cost overruns can take place at the appropriation perspective or at the capital perspective and, in fact, they do. We're looking to see in either case if there is an appropriate explanation provided for the cost overrun and that the explanation is reasonable and, in fact, that there's an appropriate system in place to be able to predict or to minimize overruns.

MR. C. MANNESS: I'll leave that point, Mr. Chairman, and I'll come back to one final one. Again, it's dealing with MPIC and the influence that government would bring to bear to cause an organization like that, a Crown corporation like that to fund a study dealing with life insurance. We have it on good authority, Mr. Jackson, that MPIC did not want to underwrite the cost of doing a study of life insurance. It was ordered to do so by the government.

How does the Auditor rule in that case, particularly if it's brought up to you during the time it happens - obviously, this happened a couple of years ago - in cases like that where the Crown corporations feel it is not within their purview to undertake certain tasks, and are more or less ordered to do so by the Minister responsible? Could you be brought in for a ruling as to whether again they have the responsibility to do so?

MR. F. JACKSON: Yes, we could be brought in to have a look at a matter such as that.

MR. C. MANNESS: Do you review Crown corporation minutes such that you are, in some respects, given

notice that these disputes may be arising? Do you give comment ever during the occurrence of a disagreement as between Crown corporations and Cabinet decrees?

MR. F. JACKSON: Yes, we have access to all Crown corporation minutes and, yes, there have been instances where our opinion has been sought as to certain matters along the lines that you're suggesting. However, I'm not at all familiar with the matter that you are raising.

MR. C. MANNESS: Mr. Chairman, I have no further questions of the Auditor or other members.

MR. CHAIRMAN: If there are no further questions, can we pass the report of the Provincial Auditor for the year ending March 31, 1986?

MR. C. MANNESS: Mr. Chairman, I have one question. I thought my colleague would be here, and it goes back to page 33.

Could the Auditor provide further information with respect to the Special Warrant required in support of the Department of Health, \$31.1 million? Could he provide further detail if we were to ask him that at another time, or come to his office and inquire of him?

MR. F. JACKSON: The only other information that we would have in relation to that particular Order-in-Council would be what was found in that particular Order-in-Council. Certain other information beyond that is found in the Public Accounts in section 4, whereby they detail the major and the minor Special Warrants and provide some degree of additional information. But I think, for the most part, there's not much greater detail found. It's just an expansion of the words.

MR. C. MANNESS: Mr. Chairman, I'm more concerned with the timing. Does the Auditor determine as to whether these warrants in support of additional spending, whether or not they may have been prevented and indeed that the amount expended was fully known to the department during the time of the development of the Estimates.

MR. F. JACKSON: One of the things that I commented on previously is that the various explanations, both revenue and expenditure, that are included in the Public Accounts are reviewed by our department. We also review the Special Warrants, and one of our concerns is the integrity of the Budget process.

As an office, we've been on record for a number of years, wanting to provide some degree of assurance that the Budget process is realistic and meaningful, and that it's not any kind of a process that provides other than the best Estimates at that particular time.

In saying that, there have been some instances where salary increases aren't determinable and the Estimates don't include sometimes the full salary costs, but that's done almost as a negotiating situation because there can't be a precise commitment as to what the salary levels will be before the negotiation process. So barring that, they're as realistic as we believe they can be, and we're very careful when we review these Special Warrants that there aren't factors there that are causing a serious reflection on the Budget process. If there was, you would be reading again about it.

MR. CHAIRMAN: Mr. Minister, you had a comment?

HON. E. KOSTYRA: Yes, just a couple of comments.

All the detail in terms of the expenditures for the year in question are laid out in Public Accounts. The other process to ensure that information is reflected properly is in the Annual Reports of the departments and, while not all the information there has been done on a consistent basis with respect to those areas, we are attempting to get all the departments to ensure that kind of information is provided fully in the Annual Report so one can look specifically at the areas that are subject to additional expenditures or Special Warrant over and above what was initially voted by the Legislature.

MR. C. MANNESS: I am encouraged to hear Mr. Jackson state that they want to maintain the credibility of the budget process to its highest degree. Again, specifically though, to the Warrant in the area of the Department of Health, was there anything untoward that surfaced with respect to that Special Warrant in your review, Mr. Jackson?

MR. F. JACKSON: No, there wasn't.

MR. CHAIRMAN: Page 33—pass; and the final pages of the Provincial Auditor's Report.

MR. C. MANNESS: Mr. Chairman, I want to make just one final comment and I want to thank the Auditor and the staff for painstakingly sitting through three days of a fairly detailed review of his report.

I would remind them in closing that these days there seem to be major losses associated with a lot of our Crown corporations - he's well aware of that, of course. There seems to be a large demand for special audits in a whole host of areas - and again reaffirm the statement made by my colleague, the Member for Arthur. Under the provision set up within The Provincial Auditor's Act, certainly there must be some circumstances, particularly given the amounts of money that we're talking about, the losses that we're talking about and the charges of conflict of interest, whereby 13(4), Special Report to the Assembly, possibly should be given consideration, depending on the special circumstances that come forward.

I would know the Auditor would certainly want to use that provision if he felt the situation was serious. In our view, certainly some of the matters over the last year or last two years certainly bordered on being very serious. We would hope that he would see fit if he so felt, to use that provision.

HON. E. KOSTYRA: Before we pass it, I would also like to thank the Provincial Auditor and his staff for the information that they supplied to the committee and also the ongoing assistance that they provide to government to ensure that we are able to deal with the various issues that are related in the report and the ongoing liaison between the Provincial Auditor and the Provincial Government.

I just wanted to remind the members of the committee of the statement that's contained at the very start of the Provincial Auditor's Report on page 2. It was one

page that no members of the committee raised any questions on and I just want to ensure that we note for the record that the report does indicate on page 2 that this is a report which emphasizes concerns without recognizing situations where there are no concerns observed. So, in essence, it is a report of exception rather than the rule.

The other comment that's made in the second paragraph of page 2 is that "Based on the work of my office" - and I'm quoting now - "I consider that the financial affairs of the province were generally administered by public service managers in a satisfactory manner during 1985-86" and that he continues to receive a positive response that our audit recommendations received from all levels of management also contributes to this ongoing improvement.

MR. CHAIRMAN: Committee members, the Report of the Provincial Auditor to the Legislative Assembly for the fiscal year ending March 31, 1986—pass.

We now move to the Public Accounts, Volume 1 and Volume 2 of the financial statements. Are there questions pertaining to the various expenditures outlined in these volumes, or will we be able to pass them?

Volume 1—pass; Volume 2—pass.

Mr. Minister.

HON. E. KOSTYRA: There's one additional matter that I had raised with the committee, I think through you, Mr. Chairman, and that was the submission to Public Accounts. It's entitled "Proposed Changes to Public Accounts Regarding Detailed Statement of Cash Payments from Departmental Appropriations." It was a recommendation from me to members of Public Accounts and it would be my intention that there should be a decision of this committee in terms of whether or not we would be in agreement with this change. So I'm formally placing it before the committee for discussion or any questions.

MR. C. MANNES: Mr. Chairman, I do have the Minister's request in front of me. I have some difficulty understanding specifically what it is he is requesting. I don't have Volume 2 with me, but I take it that the net result of passing this would be to considerably reduce the magnitude of information. The Minister says the statement size would be reduced to 12 pages from 90. This would reduce preparation time by four weeks, and he talks about other saving times.

I guess I would want to know the cost savings that would be estimated; and, secondly, I want to know what would be left in the 12 pages that might be ultimately or finally presented.

HON. E. KOSTYRA: I'll ask Mr. Eric Rosenhek, who is, as of yesterday, the new comptroller in the Department of Finance.

MR. CHAIRMAN: Mr. Rosenhek.

MR. E. ROSENHEK: As we've indicated here, one of our objectives is to be able to prepare the Public Accounts faster than we have in the past, and towards

that end, we have been looking through the Public Accounts, seeing where we might be able to save some time in preparing them.

This particular recommendation is looking at that statement that we consider to be far too detailed at this point in time. We don't have much more than two years' experience with it, but over those two years, we have not received one question that originates from the information in that statement. We've looked through the other provinces and we see that the other provinces basically don't provide that level of detail.

So our objective here is to try and reduce the time in preparing the Public Accounts and save some money as well in the printing of it.

MR. C. MANNES: Mr. Chairman, I still don't know what the cost saving would be. Maybe Mr. Rosenhek can indicate that. Certainly, hopefully some forecast not only of production costs but also of staff times.

MR. E. ROSENHEK: Well, we're looking at a staff time of roughly four weeks, I would say, at roughly \$500 a week. So we're looking at probably \$2,000 in terms of staff time. The typeset costs associated with a book like this would run to about \$25 a page. So we're looking at saving printing costs as well as staff costs. The more essential here is the saving in time.

HON. E. KOSTYRA: Just one other point.

If some members of the committee are not - certainly, it is not my intention to force it to a formal vote. I would just withdraw it.

I would also point out that the information that was contained on those, that if there is a request and it's contained in that paper, contained in submission, that the request for that detailed information will be provided without question, and if someone wants that level of detail for particular areas.

MR. C. MANNES: Mr. Chairman, there are a number of questions begged in the responses. Firstly, other than the printing costs, I don't know how many volumes are actually printed up, so I'm missing that. It seemed to me that the cost savings would not be overly significant, but yet if there can be cost savings effected, that would be fine.

I know, however, rather than accept the Minister's challenge that we could come forward with any request that we wished, and a computer run could be developed to provide that information, quite often it's important that we have the raw information before us so that we know what questions to ask.

So I'd like to ask Mr. Rosenhek whether indeed the Opposition would still have access to the raw data in some form in the same detail that it exists today, or would passing this motion then remove the necessity to have that collated in any form somewhere?

MR. E. ROSENHEK: The information would still be available in our computer system and would be available on request.

MR. C. MANNES: So we would no longer then have a printout of all the cash payments over \$5,000.00? Is that what we are provided with now at this point in time?

HON. E. KOSTYRA: If there is agreement on not having it, Mr. Manness, formally published in Public Accounts, we could give a commitment to providing a full printout to you of that information in the format that it was traditionally provided for.

MR. C. MANNES: Mr. Chairman, I should have taken the offer of the Minister before and looked at the accounts. I assumed that it was all the salaries paid, all the cash payments to corporations, and now I am led to believe it's the Detailed Statement of Cash Payments from Departmental Appropriations.

Does this material exist? If we request it in a printout form, could we attain it in that fashion? I am pointing to a document that the Minister of Finance is holding before him.

HON. E. KOSTYRA: Yes, it does exist in our computer system and we can obtain it.

MR. C. MANNES: And if we requested this, it would come out in this very same fashion as printed in the book? Or would it be in some other . . .

HON. E. KOSTYRA: We would lose the columnar approach that you have in the book, but we would still be able to present it line by line as you see it there.

MR. C. MANNES: Mr. Chairman, do we need a formal motion to do this - to change the format of Public Accounts presentation?

HON. E. KOSTYRA: As I understand it, the government has the ability to do this and without formal concurrence of Public Accounts. So if the member wanted to, I'm trying to anticipate, reflect on it, we could do it just by a response from the caucus.

MR. C. MANNES: I think it would be wise if we did have some more time to review it.

On the surface, there aren't any major problems but I think we want to look at it in greater depth and Mr. Rosenhek wanted to come in to address our caucus on it. We may extend him an invitation.

HON. E. KOSTYRA: We can go further than that. We could probably provide a sample of how it would appear in the slightly changed format from the computer as against how it would appear here.

MR. D. SCOTT: Following that, I wonder if we could also take into consideration the necessity of the requirement to print out any payment over a certain amount. As well, it takes up a large number of things here, as well as the first part of the book of Volume 11. You don't want to consider that?

I just have a question on the code under public debt - a note on each department, each appropriation, subappropriation pretty well, there's an allocation for public debt. Is that done by taking a percentage of the total public debt cost, and apportioning it to each line?

MR. E. ROSENHEK: What you might see is a public debt cost under certain departments would be simply interest payments that they may have made to suppliers on overdue accounts. But the costs of the public debt of the government is shown in the public debt appropriation.

MR. D. SCOTT: So the public debt that is listed is not part of the public debt of the province overall?

MR. E. ROSENHEK: In Volume 1, we do an aggregate of all those public debt costs and show one total for the government.

MR. D. SCOTT: Here your divvying that up and allocating it by department?

MR. E. ROSENHEK: Those are actually costs paid by the departments. Those would consist generally of interest charges that they've paid on suppliers' accounts.

MR. CHAIRMAN: That concludes the business of this committee. May I have a motion committee rise.
Committee rise.

COMMITTEE ROSE AT: 12:13 p.m.