



Legislative Assembly of Manitoba

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman

**James T. Walding
Constituency of St. Vital**



Friday, November 24, 1978 2:00 p.m.

**Hearing Of The Standing Committee
On
Public Accounts**

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Time: 2:00 p.m.

R. CHAIRMAN: Mr. James D. Walding.

R. CHAIRMAN: Order please. We have a quorum, gentlemen, the Committee will come to order. When we recessed for lunch we had reached Page 5 in the Auditor's Report; is there any further discussion on Page 5? Mr. Cherniack.

J. CHERNIACK: I wonder if the Minister of Finance could clarify the reasoning for what was done in connection with Leaf Rapids town properties. Apparently a debenture was eliminated by a grant; what was the reason for that?

J. CHAIRMAN: Mr. Craik.

J. CRAIK: I'll have to ask the accounting specialists here to reply to it. We'll get back to you on that if that is satisfactory.

J. CHERNIACK: Yes.

J. CHAIRMAN: Anything further on Page 5? Page 5—pass; page 6. Mr. Cherniack.

J. CHERNIACK: On Page 6, I'd like to know the basis for the Auditor's opinion of the values of \$5 and 3.5 million respectively for the two companies. Is that based on some kind of valuation made by somebody who is knowledgeable?

J. CHAIRMAN: Mr. Ziprick.

J. ZIPRICK: Well, we'll deal with the \$45 million first of ManFor, and that was set up when the company was first organized under ManFor and there was a significant evaluation made to determine capitalization, and at that time it was felt that it would be in a position to sustain \$45 million in earnings. The earnings for the first year or two were of a kind that could even sustain more. Then, there was a very heavy downturn in that industry and there has been difficulty to pay interest, and as a matter of fact it has not been paid and that \$44 million that we were talking about before lunch applies to this \$45 million. Taking a look at the ups and downs of the industry there is still a feeling that it could possibly sustain that \$45 million and on that basis there has been no evaluation, or consideration, given to reduce it at this stage, but if it is proved that it cannot sustain on a long term, then there would be no justification for it being capitalized on that basis.

CHAIRMAN: Mr. Cherniack.

CHERNIACK: Well, Mr. Chairman, I had nothing to do with the manner in which this investment was divided between two different kinds of debentures and two different kinds of shares so I don't speak with knowledge as to what went on, but I see that common shares were shown at \$20 million and these fixed interest debentures at \$45 million, which, of course, stand ahead of both the income preferred, and from that I would sort of think that there must have been a thought that \$65 million was a value. So I want to ask Mr. Ziprick, has he compared his thinking about ManFor with the financial statements of the private industry in this field? I assume there are a number of comparable companies — to see whether they have sustained losses, and if so, have they written off their capital investment to the same extent that Mr. Ziprick thinks it ought to be done

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: Well, in private industry we'd looked at the operations of the various other companies and they have been in the same position, there have been substantial losses. As far as capitalization of those other industries and to the extent they couldn't sustain, well the bondholders of course would be entitled to their interest or else they could start foreclosing on the companies and the shareholders then become involved and have to decide what they are going to do. In each company works on its own position, some of them would have large reserves that they could rely on, and the ones that didn't have large reserves would have to find their money from somewhere. So in this situation the government is the owner so the government is faced with the proposition of looking after the shortfall.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Well there is a difference between picking up the deficit and writing off as bad debt and I am wondering if in private industry, in the same business, which have been suffering losses, if they have written off their common shares or are their common shares worthless to the extent that apparently, Mr. Ziprick, would wipe out the common shares as well here.

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: I wouldn't wipe out the common shares but a matter of valuation, placing a value on these common shares, on the financial statements of the province. In the context of the accounting system that we are following the assets are either of a kind that they are not charged against the user, and within the present principle they are just an offset to the amount of debt. Now if that's the accounting principle that is used I guess it could remain because there is obviously a debt on the other side and until that debt is repaid it could remain. Once we depart from that accounting principle and go into the net debt concept that all the assets, whatever kind they are, are balanced against the debt and we are not allocating debts, the specific debt to some specific asset, then it would just be wrapped up in that total. So that as far as retaining the shares — under the present method it is an incorporated company so you have to retain the shares to maintain ownership — unless you rearrange the corporate structure then I don't say that you do away with the shares.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, I must have misunderstood Mr. Ziprick. He is saying, and I agree with him, that the realizable value of the assets is not shown here, and he says, "except for the fixed interest debenture of \$45 million the interest and principal repayment by way of sinking fund are being provided for from the province's appropriations." So, Mr. Ziprick, you are not suggesting that the true value of ManFor is \$45 million?

MR. ZIPRICK: Oh, no, no.

MR. CHERNIACK: I misread this. You are only saying that it is expected to pay off the debt and the rest of the investment is being funded out of the public debt of the province and it is a statement of fact. . . .

MR. ZIPRICK: That's right, and it

MR. CHERNIACK: . . . and it is not an opinion of value.

MR. ZIPRICK: No, and the reason for capitalization and creating a fixed charge is really to set an objective target to perform, to pay off this interest. And if you can't perform well then it is more a pressure mechanism or incentive mechanism to perform and disclose on the prospectus what would be a reasonable amount that could be considered that will self-sustain. In other words, if the earnings of ManFor could sustain a certain amount of this debt, then, I think that that assessment should be made and that debt placed on it, but only to the extent that it is reasonable to expect that it will sustain.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Now, on the present balance sheet of the province, Page 52, is the full

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illion shown as an asset?

ZIPRICK: Yes, it is in the investment.

CHERNIACK: Yes, and therefore, it follows the principle which is long established of balancing assets against the debt, the public debt?

ZIPRICK: That's right.

CHERNIACK: And that is why you agreed to the addition of the \$4 million on the asset?

ZIPRICK: That's right.

CHERNIACK: But I don't suppose there is a recognizable debt of the province that relates directly to this item of ManFor, is there?

ZIPRICK: As the money was being borrowed to advance to Manitoba Development Corporation which went on to these organizations that the Manitoba Development Corporation fund, it was designated.

CHERNIACK: Well then this is included in the MDC Authorized Capital borrowing?

ZIPRICK: That's the way it went. Now the debt has been allocated to be against ManFor in detail allocation. Of course . . .

CHERNIACK: So that under your liability section, I suppose it is, somewhere you show debt (interjection)— public debt, that \$1.8 million etc. is broken down so that you know how much each dollar of that is allocated to which project?

ZIPRICK: Yes, it is.

CHERNIACK: This would be in the accounts, would it?

ZIPRICK: In the accounts, that's right.

CHERNIACK: So as that is being paid off this debt is being reduced, and does that explain \$.9 million that was retiral of debt, I think.

ZIPRICK: On Page 1, that explains . . .

CHERNIACK: .8 million, on page 5.

ZIPRICK: No, on Page 1 it is 6 million.

CHERNIACK: Page 1? You must mean Page 5, the .8 million.

ZIPRICK: Well, yes.

CHERNIACK: That is the explanation.

ZIPRICK: That's right, that's right. Sorry.

CHERNIACK: So that — I misread this then — 45 million is not your opinion of the value asset?

ZIPRICK: That was the decision of the Board and the government at that time, that that is would be reasonable to expect it to carry by way of . . .

CHERNIACK: It would be repaid but it is not the government's opinion of the value of the

ZIPRICK: No, that was their opinion of what they wanted recovered by way of a fixed interest

debenture.

MR. CHERNIACK: I'm just wondering, Mr. Ziprick, whether I just didn't follow it or whether not clearly expressed.

MR. ZIPRICK: Then, of course, Leaf Rapids is much the same thing, it is the debentures that being repaid on a regular basis and that is being repaid through a levy and so there is not a doubt that that will be recovered.

MR. CHERNIACK: Is there any idea as to what is the value of Leaf Rapids Town Properties Limited?

MR. ZIPRICK: No, there was not the same kind of bookkeeping that we could arrive at the Well, I wouldn't know what the market value but the cost value could be established but I could have it offhand.

MR. CHERNIACK: Well I'd like to leave it at that except to tell you, Mr. Ziprick, that I missed this and I thought you were implying that that was your opinion of the value of the two assets possibly for next year you will have a look at that paragraph so I might not misread it again.

MR. ZIPRICK: I'm sorry, that was not the . . .

MR. CHERNIACK: Yes, it is clear now that I have read it again with your explanation. I'm sorry I took the time, Mr. Chairman, but I did want to understand it.

MR. CHAIRMAN: Anything further on Page 6? Page 6—pass; Page 7. Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, again, the first paragraph of Page 7, talking about changes he understands will be made next year. Is there any reason you are aware of, of why it could have been made this year?

MR. ZIPRICK: Is that the first paragraph?

MR. CHERNIACK: Yes. You say that it would be to deduct the sinking funds from public rather than to show them as assets. That's not within your control, that's within the control of the department. Do you know of any reason why it wasn't done this year, or couldn't have been done this year?

MR. ZIPRICK: I don't know, other than there's a fair amount of work and I guess the Finance department was not in a position to be able to look after it all and finalize.

MR. CHERNIACK: But they could have done it.

MR. ZIPRICK: Oh yes. It could have been done.

MR. CHERNIACK: It's just a question of whether they would have applied themselves to it or not able to accomplish the technical part of doing it?

MR. ZIPRICK: That's right.

MR. CHERNIACK: There's no reason that you know why it couldn't be done otherwise? If it — well, that deals with sinking funds, I misunderstood — relating back to what we were talking about the asset of Manitoba Forestry Resources, if we go into Page 8 if I might just jump for a second, if we go into — I'm sorry, I don't even mean Page 8 — if we go into the new consolidated basis of accounting would this ManFor be written off completely and not shown as an asset?

MR. ZIPRICK: Well, under this new accounting that approach basis, you would only show assets and investment in corporations that really self-sustain. In other words, they carry themselves.

MR. CHERNIACK: All right. We'll come to that. That's on Page 14, I think.

MR. ZIPRICK: And anything that's not self-sustaining would not be shown. Now it's not that it wouldn't be a record of it somewhere in our schedule but it wouldn't show on the face of it because

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a different principle.

CHAIRMAN: Anything further on Page 7? Page 7—pass; Page 8—pass; Page 9—Mr. Charniak.

CHERNIACK: Mr. Chairman, I did ask Mr. Ziprick privately about the item of Manitoba Beef producers 1.8 in the, oh, about the fifth last line on that balance sheet, \$1.8 million as shown as up, and I understand from him that this in effect — these are my words — is in an accountable. It's a payment that was not made but was charged to last year's expenditures as if made. That correct? I'm looking at the note you gave me.

ZIPRICK: Yes. Yes. Yes, there was some delay, and Finance can elaborate on that, about the timing of the finalization and the money was voted in that year to be used for that purpose so that it would be possible to pay that because it was all established that it was going to be paid, at least from our review, everything was established that it was going to be paid. It was just a matter of timing that this was shifted so that these people could get paid just as soon as some of these other matters could be cleared up.

CHERNIACK: Is that not contrary to the practice we discussed this morning of showing cash paid out as a basis for the balance sheet?

ZIPRICK: Well, you can't — nothing is that black and white. This mechanism has been used in the last number of years a number of times, and it gets down to the — the money has been paid by the Legislature, it's going to be paid and it's just maybe some clearing up of some technical details and when it gets down to that we have accepted a transfer of that kind and setting it aside as if it were paid, so that I would say that this is not anything new, it's been done a number of other times in similar circumstances.

CHERNIACK: Well then my impression is wrong. When I thought that the books reflected cash paid out up to, I think, 20 days after the end of the fiscal year, then I'm wrong. This is cash not paid out but taken out of the Estimates as if paid but not paid. How much more is there in this column?

ZIPRICK: I'd have to check but offhand to my knowledge I don't know of any other one this but I'm sure we could — (Interjection) — oh, Inco's another one. That's right, Inco is another

CHERNIACK: All right. What's the Health Services Commission increase of \$18 million? The increase is 18, yes. Manitoba Health Services Commission?

ZIPRICK: That's money that they're entitled to and the province is a banker for the Health Services Commission. It's like the Manitoba Hydro and that any surplus money that they need for immediate use, for immediate cash use, stays with the province so I don't know just what . . .

CHERNIACK: Why then, Mr. Ziprick, doesn't it show up on the top, Funds Deposited for Government?

ZIPRICK: Well, because it's working capital funds. In other words it's so short term that they're going to invest and the province invests some of these moneys when it's longer term. It'll invest in a short term — they still use the money and even pay interest, depending on the length of

CHERNIACK: Well, are you saying that this is surplus money in the hands of the Health Services Commission which it's turned over to the province for the province to hold in reserve.

MR. ZIPRICK: That's right.

MR. CHERNIACK: It was an actual payment of \$18 million extra over this current year into provin funds out of the Commission for the province to hold and invest short term.

MR. ZIPRICK: As to exactly where it came from, whether we'd have to determine how the c flowed in from the various sources, but I think I point out on the next page that the province a as a banker for quite a number of these agencies and because it acts as a banker you'll see th balances fluctuating up and down because it's withdrawn on the basis of the cash requireme of these agencies.

MR. CHERNIACK: Well, Mr. Ziprick, you understand that the reason I've asked these questi are related to the beef producers where indeed the province was not a banker for anybody ; therefore by your saying that it threw all the others into doubt in my mind because since the provi was not a banker for the Beef Producer Assurance Plan then there must be a great, you kn there's a possibility that others like that. . . so if you don't have the answers now could I ask to give us a breakdown of that column to see the extent to which the province was a banke the province was really postponing payment as an account payable just as I believe it dic connection with the Government of Canada.

MR. ZIPRICK: I was just told that this arises through the cash flow from Canada in the phase See prior to that, to the new agreement with Canada, the Health Services Commission was get its cash from the province and from Canada and there's a substantial amount receivable from Can that was coming in as and when the various claims were cleared. Well, I'm told that this is a over of money received from Canada in the clean-up.

MR. CHERNIACK: Well, does that mean that Canada during the fiscal year we're dealing with in an extra \$18 million to the province for the Commission and the province didn't pay it to Commission but put it into this reserve?

MR. ZIPRICK: The arrangement that was made with regard to the Health Services Commis it was spelled out right in the Health Services Commission Act, that moneys from Canada v not to be taken into the province's revenue consolidated fund, that they were to be paid dirr to the Commission. Now, directly means that they would come from the province, were put in trust account, and then paid over to them as it was needed.

MR. CHERNIACK: So this \$18.6 million was never shown as revenue to the Provinc Manitoba?

MR. ZIPRICK: The money coming from Canada under the arrangement was never taken revenue.

MR. CHERNIACK: That's very clear. I don't want to go over each of these items separately. Chairman, as long as Mr. Ziprick would agree to review each of them and explain the nature, what I'm really getting at now, since I think that this producers' assurance plan was another exa of a setting up of an account payable of moneys that the province had which it did not pay but put into a separate fund and charged to that year's expenditures. I understand what happ with the Inco and now with Beef Producers. I'd like clarification of the balance of that column to ensure that I understand them. If Mr. Ziprick will give that to us in due course, I wouldn't to hold up the . . .

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ZIPRICK: All right. We'll review this and provide the particulars as to what's behind it.

CHERNIACK: Thank you. Mr. Chairman, may we also go back up to the top item, Flyer Industries, \$6.4 million. Is that a long term investment, that Flyer really didn't need the money and give it to the province and said, "Invest that for us long term?"

CHAIRMAN: Mr. Ziprick.

ZIPRICK: I don't know. Maybe Finance would be more up to it. As far as I know it's just that money was not needed. Now, of course, I guess on long term depends on how fast they come up and gear up for additional business as to how soon they would need it. It could well be they continued to de-escalate their operations that it would never be needed. That would be my understanding but obviously with additional business now I'm sure that they will need it.

CHERNIACK: The reason I said long term is because you, Mr. Ziprick, explained that the beef producers are at the bottom rather than the top because that's short term as compared to long term, so could we get clarification from the department?

ZIPRICK: As far as I understand the investment is that it's really an investment; this other working capital to be drawn down any day so a long term does not mean years, it can be months, but it's requested or placed for investment, but I guess Finance could provide proper

CHAIRMAN: Perhaps Mr. Curtis can answer that.

CHERNIACK: I have just one other question.

CHAIRMAN: Go ahead.

CHERNIACK: Is the Flyer Industries indebted to the province by way of advances?

ZIPRICK: Not directly, but through MDC.

CHAIRMAN: Mr. Curtis.

CURTIS: Yes, I think all of the items shown on this, we're talking about this table at the top of page, relate to situations where the agency or corporation has funds, usually on quite a short basis, that it wishes to invest and is required, in most cases by their own act, to invest through the Minister of Finance.

CHAIRMAN: Mr. Miller

MILLER: Is it correct to state that as of March 31, 1978 Flyer Industries had a surplus of \$6.4 million in cash money that they then turned over to Finance to invest for them and, you know, in light of all we've heard about Flyer, I'm wondering how come they had this sort of cash surplus in fact they've been receiving advances all along, or pretty consistently, because they needed working capital, and yet here they have a \$6.4 million surplus which they are turning over to Finance to invest? I find that strange. If they had that kind of money could they not pay back some of the advances?

CURTIS: Well, I think in most cases, and I think that it was true in this particular case, that it was a short term position and they didn't need it to pay off suppliers as materials became available. I would find out what the source of this particular amount of funds were.

MILLER: Yes, I'd be curious to know.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Would Flyer be required by some legislation to invest through the Minister of Finance rather than give the money back to the MDC to which it is indebted, I assume, and expect to draw from the MDC when it needs it.

MR. CURTIS: I'm not sure about that specific one. We'd have to check the act but in many cases probably in most cases, the Crown corporations are required to invest their surplus cash through the Minister.

MR. CHERNIACK: But is Flyer Industries a Crown corporation directly owned by the Crown or is it owned by MDC?

MR. CURTIS: No, it's through MDC but MDC has the requirement to invest the surplus cash in the province.

MR. CHERNIACK: Yes, that's why I'm wondering why it isn't shown as . . . if Flyer had surplus why didn't it pay it back to MDC to whom I assume it's indebted and the MDC then could, I don't know, pay the bank or pay the Minister of Finance what it may owe the . . . I don't know.

MR. CURTIS: Well, most likely because they needed the cash very shortly to pay off their suppliers.

MR. CHERNIACK: Well then that sort of contradicts Mr. Ziprick's impression as to long-range and short-range as between the funds deposited for investment and the reserves working capital, etc. How then does that Flyer Industries compare with Manitoba Beef Producers as being in two different categories?

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: If I may comment on this. As I understand it, the items below are really equivalent to a bank that's being drawn on, could be drawn on daily, whereas the other item, let's say and I'm just going by recollection — but I think that Flyer in collecting some of the holdbacks the buses had all of a sudden a substantial amount of cash that they didn't need let's say for a month or two, or maybe three months, it was a question of just go through the process of cancel out advances and then re-start up the whole cycle or deposit it in an investment account of some nature and then draw down straightforward and finance your proposition.

Now, I appreciate what you're saying, that Flyer maybe technically doesn't have to put money into them with the Minister of Finance but we don't take too kindly to these organizations investing on their own because of their substantial involvement, we want to see the money come to Finance and be used by Finance in the run of things and then they draw down as and when they need it.

MR. CHERNIACK: Well, this first section, Funds Deposited for Investment, are there specific investments made for the specific corporations. Like, is there a recognizable investment like debenture, stock, or something?

MR. CHAIRMAN: Mr. Curtis.

MR. CURTIS: No, what we advise . . . this is included in The Financial Administration Act, providing whereby if a Crown corporation or agency has cash and either has to, or wants to, invest through the Minister of Finance, then the fact that he has deposited the money with the Minister at a quarterly rate that's ascribed by the Minister, is deemed to be, and is an investment.

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3. CHERNIACK: Okay, that's fine. How does that compare with say the mining community serve at the bottom? Is there a different interest rate paid?

I. CURTIS: Yes.

I. CHERNIACK: You mean the province pays a different interest rate. Which is higher and which lower and what's the reason for the differential?

I. ZIPRICK: The interest rate is established by the Department of Finance and then that's

I. CHERNIACK: Which interest rate?

I. ZIPRICK: All interest allowable on these accounts is established by the Department of Finance I approved by the Minister of Finance in accordance with the Financial Administration Act.

I. CHERNIACK: So if it's funds deposited it will get one interest rate and if it's called a reserve, king capital, it gets a different interest rate.

I. ZIPRICK: That's right, that's right, and the method of determining the interest rates is more ess followed along the same lines as the banks and these people putting in the money in here get about the same rate of return as they would working through the bank, so they have no complaints and it's beneficial to the province as a whole to have that money here. So this is the I behind. it.

CHERNIACK: How come the Hydro-Electric Board is shown on each section, the top and the om?

ZIPRICK: Well, the Hydro-Electric Board would have some money that would be drawn on then some, maybe there was an immediate borrowing that's really only passing through and money that's passing through would be the ooney that would be below; the money up above ld be the . . .

CHERNIACK: Well, Mr. Ziprick will be giving us an explanation for all those in the bottom on.

ZIPRICK: Yes, okay.

CHERNIACK: And I understand Mr. Curtis will give us an explanation for the Flyer Industries is that right ?

CURTIS: Excuse me, you want the source of the funds? Was that the question?

CHERNIACK: The source and the reason for it being invested up above and not below.

CURTIS: Okay, I can tell you the . . .

CHERNIACK: And for how long, how long you had it.

CHAIRMAN: Any further questions on Page 9? If not, Page 9—pass; Page 10 — Mr. niack.

CHERNIACK: Mr. Chairman, is it the intention of the government to start showing the market of the Canadian dollar as at the year end to show all the long-term indebtedness of the ice?

CHAIRMAN: Mr. Minaker.

MINAKER: Mr. Chairman, I think Mr. Curtis will comment on that one.

CHAIRMAN: Mr. Curtis.

CURTIS: We've reflected the evaluations in the Public Accounts on a comparative basis to

show what the differences are as a result of the exchange. One of the things —(Interjection)— Page 244, I'm sorry. One of the items that is under consideration for amendments to the Financial Administration Act is the question of taking up the foreign exchange difference and there has been a very clear —(Interjection)— 244, yes.

MR. CHE WRIGHT: I've only got 242 pages in this one. No, it's okay, I looked at a wrong year.

MR. CHAIRMAN: I'm not sure who had the floor there. Mr. Curtis.

MR. CURTIS: Thank you. And one of the things that we have raised, or intend to raise in the future is the question of taking up the difference between the foreign exchange value at the date of the balance sheet and the original amount of dollars taken in against the foreign exchange. So one of the points of the debate that we intend to have under the Legislative changes is that particular question. There has been a very strong directive, or requirement, put out by the Canadian Institute of Chartered Accountants which is in favour of picking up the difference in the foreign exchange in a certain way of calculating it over the life of the outstanding debt.

MR. CHERNIACK: Can the Institute of Chartered Accountants decide how government . . . ?

MR. CURTIS: Well, they're making recommendations, I say. We don't have to . . .

MR. CHERNIACK: Are those recommendations to government or are they to overall financial statements?

MR. CURTIS: These are specific ones towards government.

MR. CHERNIACK: I see.

MR. CURTIS: Canada this year has made that adjustment. Ontario, I think is looking at it. I think other provinces are as well.

MR. CHERNIACK: So it would then be an annual statement which would be changing from year to year but it's just for a whole year you will have one statement that is related to one date year.

MR. CURTIS: Yes, and rather than being the original amount of Canadian dollars received, it will be the amount of Canadian dollars that would have been received at the end of that year.

MR. CHERNIACK: I'm sorry, I don't understand that.

MR. CURTIS: Well, if I can explain it very quickly, and probably not very well — at the end of each year there has to be a difference one way or the other as between the foreign exchange value or value as at that date of the original debt. In other words, if on day one you borrowed \$1 million in American dollars, if you were to pay it back at the end of the next year, you might have to pay back \$1,250,000, so there's a spread or a difference of \$250,000. Now if that's a 20-year loan and there's 19 years left, the presumption is that you would write off 1/19th of that \$250,000 over the remaining 19 years. Now, at the end of the next year, there's 18 years left and perhaps the American dollar has weakened against the Canadian dollar, so you're actually making money by paying it off at that date. So you take the credit and you would amortize that against the balance of the 18 years.

MR. CHERNIACK: But you're really diddling around, aren't you? It doesn't help you know anything does it? —(Interjection)—

MR. CHAIRMAN: Just one at a time, gentlemen, please. I think Mr. Curtis had been asked a question there.

MR. CURTIS: Well, we're not really trying to diddle around. What we're trying to do, or the point of it is that you're reflecting in each of the years an amount of profit or loss that could be attributed to that particular year. Now it may never happen.

MR. CHERNIACK: What do you mean, may never ? It will never happen.

MR. CURTIS: Well, it may never happen in that amount. You may . . . worse or better.

MR. CHERNIACK: That would make sense if we were a commercial corporation that could go bankrupt, then I could understand saying, if we had to pay all our debts today, what would it cost us in order to know what our balance of assets would be, but since a government does not go bankrupt, then what's the advantage of knowledge to anybody to say today's dollar is worth X dollars when we don't have to pay it for 18 years — and God knows what it will be tomorrow much less 8 years from now? That's what I said about diddling around. I mean it gives you information which is of no real value in assessing the ability of the province to repay that bill 18 years from now.

MR. CURTIS: Well, as you know, our debt is largely payment at the last date — it's a bullet payment — and if you were to pay off all the debt plus a major amount of foreign exchange loss, then you're ascribing that one year a very large amount that would have to be taxed for, it would have to be raised in that one year.

MR. CHERNIACK: When would you have to do that?

MR. CURTIS: Well, it depends on the length of the debt. If it's a 25 year debt . . .

MR. CHERNIACK: Well, that's what I'm saying.

MR. CURTIS: . . . then that would have to be done at the end of 25 years but if it was a 5 year debt, then you're looking at it as being perhaps a major additional payment at the end of the 5-year period.

MR. CHERNIACK: Well, wouldn't it make sense to show the amount at par value — or not par value — the foreign exchange rate would be for what has to be repaid in the coming year say. That's a meaningful thing because you know that next year we're going to have to pay back the money demanded as at today, which is not that far away from this coming year, the exchange rate is so much, that if you're talking about 20 years from now, then it means that every year you're going through the exercise of arriving at information that's not meaningful.

I want to make one more point, and that is that when you have had this kind of argument before those brilliant professionals that Mr. Craik referred to this morning always said, "Well, you can't really look at an exchange rate without looking at the interest rate you're paying." Like, you're borrowing here Swiss francs, Canadian dollar book value \$302 million — I assume that's what we borrowed for 705 francs over the years — and now you're saying it's value today is \$442 million, which would appear to be \$140 million more than what we borrowed in the equivalent at that time. If that's a 10-year loan, we don't know what it will be like in 10 years and in the interval, we know that the interest rate is probably less than half of what it would have been had we borrowed in another market. Is that correct?

MR. CURTIS: Except that if the rate of exchange is higher, then the interest is now costing more because the rate of foreign exchange is higher.

MR. CHERNIACK: The annual interest.

MR. CURTIS: The annual interest.

MR. CHERNIACK: Of course, and you show that, that's reflected in your estimates. You do in your estimates, I assume, calculate the interest you have to pay in this year on the basis of current

MR. CURTIS: That's correct.

MR. CHERNIACK: . . . exchange rates. Then that's okay. But if you want to reflect to those chartered accountants, eh, who know so well how to advise what is the true picture, should they not advise that this debt is not repayable for 20 years and during that time the province will have saved dollars in interest rates as compared with having borrowed it in another market, if they could have gotten it in that market, setting aside the whole question of inflation which is also a factor,

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isn't it? Because as inflation goes up so it's cheaper for us to repay.

Now, what I'm suggesting, Mr. Chairman, and not directly to Mr. Curtis, probably more to the Auditor who is concerned with the overall picture to the public, is that if you do this thing, which he says the government is going to do this year, then . . . no? I thought he said that the government intends to do it.

MR. CURTIS: It will be attended to . . .

MR. CHERNIACK: This matter will be attended to during the current fiscal year. If it's to be done the way this Page 244 shows, then isn't that a distorted picture in that it only gives one feature and discounts inflation which I think could be built in already as of today, and discounts interest rate which could be reported, but isn't.

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: Just to clarify, I make an observation here that what they were going to do is in this premium amount into the total debt which will then reflect all the debt at the amount of cash received, there'd be no translation. Right now there's two kinds, the offshore money is recorded at exactly the amount that was received; the borrowings in the United States are translated into the Canadian dollar in the public debt amount, and then this premium and United States account is the difference. What I was saying and suggesting — and I understand that this is being considered — is to move that item into the public debt and then all debt will be stated on the same basis and that's all this applies to.

MR. CHERNIACK: Well, when you're saying "stated on the same basis" you don't mean on the basis of today's foreign exchange rate? **MR. ZIPRICK:** No, this is another issue, and I do not completely agree with what's being suggested here. So if we get into that debate I'd like to, I know, present my view but it's got nothing to do with combining this \$9 million with the public debt. By combining this \$9 million with the public debt we would be doing the same thing we're already doing with offshore and it would be all stated at the dollars realized at the time of borrowing.

MR. CURTIS: At that point in time.

MR. CHERNIACK: And that you recommend?

MR. ZIPRICK: Yes, I recommend that.

MR. CHERNIACK: Is the government going to do it or not, or don't we know?

MR. CHAIRMAN: Mr. Curtis.

MR. CHERNIACK: I don't know if he's going to speak on policy.

MR. CURTIS: No, I was only going to make the point that we have drafted the legislation which provides for this format, based on the recommendations of the Canadian Institute of Chartered Accountants, but it hasn't received government approval yet, and the request was that it first go to this committee before it's reviewed finally by the government.

MR. CHERNIACK: The government wants our opinion on it.

MR. CURTIS: M'hm. They haven't approved of it nor disapproved of it. This is a departmental recommendation.

MR. CHERNIACK: That is the point that Mr. Ziprick is making about showing the actual Canadian dollar received from each borrower.

MR. CURTIS: M'hm, that's what he wants to get . . .

MR. CHERNIACK: Now what about this other . . . ?

MR. ZIPRICK: I think what Mr. Curtis is also mentioning is the translation too, the whole issue

MR. CURTIS: Yes.

MR. CHERNIACK: Oh. Oh, so that's not government policy but you do publish it in the statement, that is government policy then?

MR. CURTIS: Well, we've merely shown that for information. Are we talking about the one on 244, I'm sorry?

MR. CHERNIACK: Yes.

MR. CURTIS: Yes, it's for information only.

MR. CHERNIACK: Is that new?

MR. CURTIS: Yes.

MR. ZIPRICK: That's new.

MR. CURTIS: It's just to show the reader what the impact would be if . . .

MR. MILLER: . . . if we had it paid all off today.

MR. CURTIS: That's correct.

MR. ZIPRICK: That's the point.

MR. MILLER: Mr. Chairman, so there are two issues here, one, the Auditor is saying, why not treat Swiss francs the same way as American dollars, and I won't quarrel with that because that is at a time of issue you that that decision is made. You know how much got in 1977, whether you got it from New York or you got it from Zurich, and you make that adjustment, that's one issue and Mr. Ziprick has addressed himself to that.

Now we are getting another facet of it and that's the Institute of Chartered Accountants who say at every year an adjustment should be made on every issue, even though it may be 18 or 20 or 25 years away for repayment, to reflect the value of what that issue might cost you if you had to pay it off that year, which of course you don't have to do. And as I see it, what you're going to have is sort of an up-and-down affair from one year to the next.

I recall, as I'm sure others do here, in 1976 when the Canadian dollar was higher than the American dollar and then suddenly it slipped, then it went back, and then it slipped down again, and now it's down about 15 cents. So, really it's not a matter of tinkering, I think it's very deceptive and very misleading to somehow translate or to show a public debt based on an exchange rate which really doesn't come into play except for the interest that has to be paid that year, the coupon that has to be redeemed that year, and that I can see does have to reflect any exchange rate. But if it's not due until the year 2001, then surely the value of it is what was established at the time of the borrowing because we have no idea whether in the year 2001 the Canadian dollar may be changed considerably from what it was when you first took out the loan, to what it is today. And to, in between, the annual adjustments is like a roller coaster and it could be like a roller coaster.

You know March 31st, if you use that particular valuation day, it could look very good or very bad, and so the public debt could be escalating up \$20, \$25 million every year when it's a paper figure, it's not being repaid in those years anyway. So, just to Mr. Curtis, I'm curious that the Department would even go along with this notwithstanding the Institute of Chartered Accountants. I don't know what reason they had it or why they would put it forward — but to me it's really misleading and I don't think it helps the accounting at all. It simply would show a public debt varying sometimes, from year to year, by 15 percent, when it's a paper figure and there's no meaning whatsoever.

MR. CHAIRMAN: Mr. Minaker.

MR. MINAKER: Mr. Chairman, I wonder if I could get clarification for myself and maybe for other members of the committee from Mr. Curtis, because in listening to Mr. Miller's comments — and maybe he can correct me if I'm wrong — my understanding of what you said was that if, for example, I had borrowed a million dollars, and today because of the exchange rate we would have to pay back \$1,250,000 . . .

MR. CURTIS: Yes, then you have to show it.

MR. MINAKER: . . . over a five-year period, that my understanding is we would only show one-fifth of the difference.

MR. CHERNIACK: No, but it's payable this year.

MR. MILLER: It's payable this year.

MR. MINAKER: And it's payable now, if I'm wrong I would like Mr. Curtis to correct me because it's quite different from what you're saying, that we would show that we have to pay \$250,000 more back and show it as a debt.

MR. MILLER: Well, what I understood from Mr. Curtis is that the borrowing that took place, let's say, in 1975, let's say the Hong Kong dollar — 150 million Hong Kong dollars which translated \$33,517 million in Canadian funds — so I can see Mr. Ziprick saying, "Well, why don't you treat that as you would a New York issue?" I can understand that, but it's done at the very inception of the loan, and you do it. But I understood further from Mr. Curtis, that it is the intention or the desire of government to consider that the debt of \$33 million, that loan, should reflect the difference in the exchange rate as if it's being paid off that year, when in fact only the interest is being paid off that year.

MR. CURTIS: Perhaps it's my explanation of it. If you take the Hong Kong dollar issue as an example, there is a spread of what? roughly \$3.5 million.

MR. MILLER: Right.

MR. CURTIS: And if there were say seven years left, then you'd be taking one-seventh of the amount showing as an expenditure in your expenditure statement.

MR. MILLER: Yes, but what happens next year when the Canadian dollar moves in relation to Hong Kong dollar?

MR. CURTIS: Then you have another difference.

MR. MILLER: That's what I mean.

MR. CURTIS: Normally you have a difference.

MR. MILLER: Every year you have a difference.

MR. CURTIS: And we have to calculate each issue entirely separately.

MR. MILLER: That's right.

MR. CURTIS: But next year you'd have whatever that difference was amortized over years.

MR. CHERNIACK: Is the Hong Kong dollar payable . . .

MR. CURTIS: Well, no, I'm just saying whatever it is.

MR. CHERNIACK: Is this loan payable, principal and interest, annually?

MR. CURTIS: I think that's what they call a bullet one as well.

MR. CHERNIACK: A bullet?

MR. CURTIS: I think it is.

MR. MILLER: It's a bullet, yes.

MR. CHERNIACK: Well, then if that's the case then there's no sense in doing one separate

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MR. CURTIS: Well, the whole object of the exercise really is to try and pay off or amortize the costs of your debt, like the interest and the exchange costs over the life of the debt, and that's what this is trying to accomplish.

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: This is the part that I just don't understand. We don't amortize the repayment of the debt over its life, but we amortize the discount, and it's to me a highly inconsistent approach. In the government's method of accounting we don't amortize, and we don't operate on the same basis as the commercial people who charge depreciation, amortize to arrive at a total cost. In this case, we would be amortizing discounts but not amortizing anything to repay the debt, which to me just doesn't make any logic.

MR. CHAIRMAN: Mr. Curtis.

MR. CURTIS: Well, on the other hand though, we do provide for sinking funds for the orderly retirement of debt, and this is really another part of providing for the orderly retirement of debt.

MR. CHERNIACK: You mean, your sinking fund would be related to the annual value?

MR. CURTIS: Well, the sinking fund is what you're providing for the repayment of debt over the long term, and this would act as the same kind of an adjustment or payment or provision for a resumed variation in the foreign exchange rate.

MR. MILLER: The sinking fund is a percentage of the debt.

MR. CURTIS: That's correct.

MR. MILLER: And it's established, whether it's 3 percent or 1 percent, or whatever it is, you set up a sinking fund to help retire that debt, and in 20 years there's money in that sinking fund. This is a paper figure. This is an exchange rate which fluctuates and could you tell me that in 1980 the Canadian dollar, in relation to the Deutsche mark, is going to be of such and such a figure there's no way, if you can let me know, I'll gamble on the market.

MR. CHAIRMAN: Order please, just for a moment. Mr. Curtis mentioned that there was some legislation prepared that has not yet been adopted that the government wanted considered by this committee. Perhaps Mr. Minaker can advise me whether it will be brought formally before this committee so that we can have a discussion, or whether this discussion we're now into will be considered the will of the committee? If it's the former then we're likely to duplicate the discussion we're now having. Mr. Minaker.

MR. MINAKER: Mr. Chairman, my understanding in talking with Mr. Craik was that we would follow the format of dealing with the Auditor's report and then the Public Accounts before us, and obviously we're not going to get through both of those items today, I wouldn't think, that then there would be another meeting to deal with possible changes in the Act at a later meeting.

MR. CHAIRMAN: I assume from what you're saying then, that there will be a sort of either a draft legislation or a proposal put before this committee for its opinion.

MR. MINAKER: Yes. Can I make one other point? We had planned to, at that particular meeting to be discussing the legislative changes that are proposed, provide members of the committee with the opinion of the committee that recommended this through the Canadian Council.

MR. CHAIRMAN: Since we are to have the discussion at some later date do members want to continue with it at this stage? Mr. Cherniack.

CHERNIACK: I don't really want to continue it, I want to establish a few things, firstly,

CHAIRMAN: Go ahead.

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MR. CHERNIACK: . . . on Page 244, this type of statement has never appeared before in the accounts, has it? Then I have to assume that it's government policy to have included this.

MR. CHAIRMAN: Mr. Minaker.

MR. MINAKER: Mr. Chairman, my understanding is, if Mr. Cherniack wants to call it government policy, that the Finance Department came out with their public accounts, our government's accounts listing this as information, I guess you could say, yes, it was, but it has not been incorporated. In my understanding any of the discussion that we talked about has not been incorporated anywhere else into the accounts. This is just for information and it was felt that it would be useful to all members of the Legislature and the public of Manitoba.

MR. MILLER: That's a harbinger of the future. This is not something we're going to be doing next year.

MR. CHAIRMAN: Mr. Cherniack.

MR. MINAKER: I can't answer that, Mr. Miller, sorry,

MR. MILLER: Well, you're the government.

MR. MINAKER: No, I'm not.

MR. CHERNIACK: That statement by Mr. Minaker is clear and fair enough except that I think that this statement doesn't give enough information to make it meaningful. And my criticism of giving insufficient information is that it's liable to be distorted, and the points I make are similar to what Mr. Ziprick has said, and I add to that that the interest rate benefit is not shown, and ought to be as counter-balancing, because many times we knew, in our time and I assume the present Minister has the same kind of consideration in his mind if he is still borrowing money, that when you borrow you have several factors and one is a low interest rate as compared with the risk on exchange rate. And this doesn't reveal it, and therefore, I think that this is not helpful but damaging anyway, when we come to it, criticize the government for including this statement as information. Everything that I would like to do is to invite Mr. Ziprick to give us a little piece of some kind in preparation for that discussion that will take place later indicating what his reaction is to this kind of a statement. Would that be a fair request?

MR. CHAIRMAN: Mr. Ziprick. Mr. Minaker.

MR. MINAKER: I wonder, Mr. Chairman, if I could just, before Mr. Ziprick's comments, I want to inform Mr. Cherniack that we would convey your concern about the fact that this interest benefit information wasn't included on to the Minister so that it can be considered.

MR. CHERNIACK: Well then may I add also the fact that a lot of this money is very long term and not repayable and there may be an inflation factor or other factors. Mr. Ziprick said that could give us that and I think it would be helpful.

MR. CHAIRMAN: Anything further on Page 10? Mr. Cherniack.

MR. CHERNIACK: It so happens that looking at 244 may in some way answer the question I'm dealing with direct public debt — and here I must say, Mr. Chairman, that, again, because of an inadequate understanding of terms I misread this. I mistook the expression 'direct public debt' for the expression 'dead weight debt' and I have to thank Mr. Ziprick for pointing out to me that direct public debt, as indicated here, includes moneys borrowed by the province for, and on behalf of, Crown agencies and therefore a certain amount of this debt is self-sustaining debt which Hydro will repay or Telephone or whatever. So I was going to, and I do ask, whether this could be broken down or whether it is already broken down somewhere to show how much of this was a self-sustaining debt as compared with dead weight, and I am wondering whether the footnote, or the note at the bottom of 244, gives that answer because I don't know what that means on 244, the Allocation of Revaluation, I don't quite appreciate that. If it has nothing to do with it then we will come back to it again later on. So, the question then would be . . .

MR. ZIPRICK: It has a relationship of how much of that total debt applies to Hydro, how much to the Telephones, and how much to the province.

MR. CHERNIACK: 244? —(Interjection)— No, it says 'foreign currency'.

MR. ZIPRICK: Well, foreign currency, but naturally it is related on how much foreign debt is applying to whatever organization.

MR. CHAIRMAN: Mr. Miller.

MR. MILLER: Yes, but is it the guaranteed or is it the direct . . . How does it relate to the guaranteed or direct that is the question?

MR. ZIPRICK: Well, I think that this is where the difficulty is. As far as I am concerned the guaranteed and the direct are basically all one and the same thing. In some instances paper corporations have been created just to reflect a guaranteed position which doesn't have any meaning in substance, so really the title on that debenture is basically influenced in the American market because the utilities have a higher profile, at least this is my understanding, and the utilities have a higher profile in the American market so it is better to put the tag 'Hydro' and follow through. But, other than these kind of things I make no distinction between the direct and guaranteed, there's some in the guaranteed debt that is wholly, or so completely funded from the Consolidated Fund that there is no appreciable difference; there's some in the direct debt; vice versa there's some in the direct debt that is fully serviced through the users and also in the guaranteed, so really the two have to be looked at together.

MR. CHAIRMAN: Mr. Curtis. Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, I wonder, just before Mr. Curtis, could Mr. Ziprick explain what guaranteed debt of the Province of Manitoba is funded out of Consolidated Revenue?

MR. ZIPRICK: Well the University of Manitoba Guaranteed Debt, all the . . .

MR. CHERNIACK: You mean the province borrows for the university and guarantees the debt?

MR. ZIPRICK: It borrowed for the university and guaranteed the debt and that debt is completely serviced by the Province of Manitoba from the Consolidated Fund.

MR. CHERNIACK: I don't recall that the universities borrow money direct, guaranteed by the province, I don't recall that.

MR. ZIPRICK: They haven't for some time but some years ago they did borrow, I think, roughly around \$25 million, it's still outstanding and that's a guaranteed debt that is fully serviced from the Consolidated Fund. All the public school debt for the most part is serviced from the Consolidated Fund. In other words, to build schools, all the debt to build schools is all CPP debt, money from the Government of Canada, it is guaranteed by the province but it is serviced from this Consolidated Fund, except those little bits, the building is built a little larger than is permissible by the province, in that portion would be serviced from a special levy.

MR. CHERNIACK: You mean the CPP is not borrowed by the province, it is borrowed by the Public School Finance Board?

MR. ZIPRICK: Most of it has been assigned to the building of schools so it has been put in the name of the schools and guaranteed by the province.

MR. CHERNIACK: The schools owe it to the CPP then?

MR. ZIPRICK: That's right. And the province is holding a debenture from the school, but, in effect, the province funds all the principal and interest . . .

MR. MILLER: Except for 20 percent, which, you know in an 80/20 Foundation Program, then 20 percent of the funds are from the Foundation Levy . . .

MR. ZIPRICK: No I think that capital does not come into the Foundation Program, the capital to the extent that if the building is approved by the Province of Manitoba it is wholly funded by the

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province, and only that portion that the school wants to build extra, and is not permissible by the province, that they can tack on and then it is funded through a special levy. My understanding is that there isn't very much of it, that most of all the construction was within the authorized amount of the province and to that extent it is fully funded by the province.

MR. CHAIRMAN: Mr. Curtis.

MR. CURTIS: Mr. Chairman, I just wanted to respond to Mr. Cherniack's earlier question. I believe the question was that he didn't understand the little subsection on Page 244. The intention of that was for the other problem, I think, that you had in that direct debt includes debt borrowed for Manitoba Hydro and Manitoba Telephone, so we took the two together, the direct and guaranteed, and ascribed the debt to the Hydro system, the Telephone system, and the balance to the province.

MR. MILLER: Direct and guaranteed?

MR. CURTIS: And guaranteed is included in that bottom figure.

MR. CHERNIACK: I'm sorry, I don't understand the 452 million.

MR. CURTIS: The calculation of it is if you take the . . .

MR. CHERNIACK: Foreign currency only.

MR. CURTIS: . . . difference between the two sets of totals . . .

MR. CHERNIACK: If you remove the Canadian dollars, is that it?

MR. CURTIS: That's right, this is only the foreign exchange part.

MR. MILLER: Oh, I see, American or offshore.

MR. CHERNIACK: I see, I see.

MR. CURTIS: That's right, that is only the foreign exchange amount.

MR. ZIPRICK: That's the difference between the 2 billion and 6 million, and 2 billion 250 . .

MR. CHERNIACK: No it isn't.

MR. ZIPRICK: Isn't it?

MR. CURTIS: No, if you take the two sets of totals, the direct total and the guaranteed total, you add them both together then it is the difference between the two sets of columns.

MR. CHERNIACK: Then the difference is. . .

MR. CURTIS: I just worked it out to make sure it worked out.

MR. CHERNIACK: Thank you. We still don't have the information as to how much of the direct public debt is self-sustaining. There must be somewhere, I am sure there is somewhere, but is readily available? Mr. Ziprick has a breakdown of direct public debt of 1.87 million dollars.

MR. CURTIS: Yes.

MR. CHERNIACK: How much of that is Hydro, how much Telephones, how much public school which he is quite right in saying that's really dead weight.

MR. CURTIS: Well, we can easily find that, we have those figures I'm sure.

MR. CHEIACK: Could that be given to us? Thank you, no rush.

MR. ZIPRICK: It's Page 245, I think, that by and large it's explained there. Nominal Self-sustaini

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and Other. I think that some are technical switches but by and large that shows the Hydro and the Telephones are the main ones and that shows up.

MR. CHERNIACK: Is that it Charlie?

MR. CURTIS: Yes, it shows the allocation of the direct debt. On Page 244, the next page too, is shown as 1,907.

IR. CHERNIACK: But this doesn't seem to include . . . I see' nominally self-sustaining.

IR. CHERNIACK: I'm looking for public schools.

IR. ZIPRICK: Well, it is in guaranteed, this is direct schedule, public schools is in the guaranteed so you won't find it there.

IR. CHERNIACK: Thank you, Mr. Chairman.

R. CHAIRMAN: Any further discussion on Page 10? If not, Page 10— pass; Page 11—pass; Page 12—pass; Page 13—pass; Page 14. Mr. Cherniack.

R. CHERNIACK: In this reconstituted Balance Sheet where would ManFor appear, Mr. Ziprick?

R. ZIPRICK: It would appear behind the net debt.

R. CHERNIACK: 686?

R. ZIPRICK: 686.

R. CHERNIACK: And to what extent does it appear there, the total?

R. ZIPRICK: All except the 45 million.

R. CHERNIACK: The 45 million appears where?

R. ZIPRICK: In the Advances to and Investments in Crown Agencies.

R. CHERNIACK: I see. 45 million which is the interest bearing debenture, but not the income debenture?

R. ZIPRICK: No.

R. CHERNIACK: Not preferred share. Is that an arbitrary division by you or by the Department of Finance?

ZIPRICK: No, when the capitalization was being worked out it was felt at that time that 45 million, with a fixed debenture, it would be reasonable to consider as receiving that. Now, the income debenture was established in case the earnings were higher rather than having to declare a dividend they could be drawn down to the extent earnings were made to the Provincial Treasury. So it was just a mechanism to avoid declaring dividends on either preferred or common shares, so that there was a feeling, at that time particularly and they were very good years, that probably the earnings would be more than 45 million, or earnings be more than would sustain 45 million, so that 45 million was fixed that that's what will come on a regular basis, and then the income debenture could be used to clear off any other earnings and without having to go to declaring a dividend.

CHERNIACK: Mr. Chairman, the question was not answered. The question was, who made the arbitrary decision, Mr. Ziprick or the Department of Finance? Well it is still an arbitrary decision, Mr. Chairman.

ZIPRICK: Well, there is a lot of input. I have expressed my view, a consulting firm was consulted, the Board of ManFor and the Department of Finance, and it eventually resolved itself by outright negotiation between the ManFor Board and the government of the day.

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MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Well, Mr. Chairman, just looking — and I explained earlier that I had nothing to do, and don't know really much of the background of how that money was apportioned as between the four different kinds of securities — I would guess that it was felt that the \$20 million of common shares was a long term investment that would be paid over when there is a good established surplus available, and it should not require to be interest paid on it every year, and the \$45 million would be required to. That's my understanding of the way these things are set up; I don't justify the figure I don't know them. But if that were the case, then looking at this as any other commercial corporation I would put the \$20 million into advances to investments into Crown agencies; I think I would have done that, or I would have gotten some kind of outside valuation of what the company is worth and I would put that in. So, what Mr. Ziprick has now told us, I believe, is that with bargaining back and forth, you arrived at that \$45 million as being an advance, an investment, and the balance of the hundred and whatever it is — 50 million — as being net debt. That's correct; that means that by negotiation all the various parties agreed to this figure.

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: I wasn't a party to the bargaining, I was consulted in the first instance as to what would be a reasonable approach. But really, the bargaining wasn't too much about the income debentures; the bargaining, as I understand, was between how much would be a fixed charge and how much wouldn't, and of course, naturally the Board of Manfor would want to have as low a fixed charge as possible; the government would want to encourage them to be as productive as they could and increase the fixed charge and so it was in that area that the other — the division between, for instance, income debentures and preferred shares — was just a convenience not to have to declare dividends if there was excess earnings and they were to be drawn down.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, I now assume that Mr. Ziprick is talking about negotiations in bargaining that took place at the time when the share structure was set up. I'm not talking about that; I'm talking about who decided that the 45 million is an investment and the balance is net debt. Who decided that?

MR. ZIPRICK: Oh, I'm sorry. I put this in, stating as a means to demonstrate, because I felt that we were moving and at that direction it would be good to have something like that before me, so I made those decisions; I put them in there. Now, that's not what finance may come up, they're standing behind this; this is purely my decision, there's nothing like that in the Public Accounts. So whatever you disagree with here, you can disagree with me. I say, well, that's the way I set it, and put it in there as a demonstration of what it would look like when we go to this, and only in there for that purpose.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, I appreciate that clarification, because I do not agree that the 45 million should have been shown as an investment. I don't know what that plant is worth, normally, looking at a balance sheet, I would say at least the common shares and this 45 million would be included as an investment, as indeed it is an investment — maybe a bad investment, I don't know. But as I say, I would compare it with others and I would expect therefore that the government is not bound by this and I appreciate Mr. Ziprick's presenting it to us as an understanding of the statement might look, but it's clearly not the government's assessment on how it should look. And that answers it.

MR. ZIPRICK: No. When the government comes up with one, there could be differences, and of course if I don't agree, I will have my usual qualifications ahead of it.

MR. CHAIRMAN: Any further discussion on Page 14? If not, Page 14-pass; Page 15. Cherniack.

MR. CHERNIACK: Page 15 is where I was planning to raise that \$30.6 million. Mr. Ziprick, I think I said earlier that somewhere or other he said that this is not consistent with past practice, but I haven't found that yet.

ZIPRICK: That paragraph was to indicate it, and I guess it didn't indicate it as well as it could. But that's the paragraph that we were explaining the deviations in practice.

CHERNIACK: Well, Mr. Chairman, I don't know if the deviation in practice or a deviation from the statement, because the preceding paragraph is not a change in practice, it just shows how the amount was varied. But this item dealing with the \$30.6 million, I'd like to know, was this done by the Minister-In-Council, by the Lieutenant-Governor in Council, or was it done by the Minister of Finance, or was it done internally by the Department of Finance? I'd like to know the basis on how this was worked out.

CHAIRMAN: Mr. Ziprick.

ZIPRICK: The \$30.6 million?

CHERNIACK: Yes, the three items.

ZIPRICK: Well, under the present Financial Administration Act, the Minister of Finance cannot do anything. He can call this year's revenue to be next year's revenue, last year's revenue can be called — and there's a section that he can declare, and it's been used over the years, and that's where the authorities . . .

CHERNIACK: Was this done by a letter?

ZIPRICK: It's just approved by the Minister of Finance. Now, I don't know whether there's ten letters or not on this. Mr. Curtis could

CHERNIACK: How does the auditor decide whether or not it was done in accordance with the Act?

ZIPRICK: There would be a journal entry that's signed by at least the Minister of Finance or a senior officer on behalf of the Minister of Finance, so as you know, every journal entry that's audited, and that is not necessarily signed by the Minister of Finance, but because it's in his department we accept these as being authorized by him.

CHAIRMAN: Mr. Curtis.

CURTIS: Mr. Chairman, I just want to make the point that the entry was made; it was a journal entry covering it and it was made on the recommendation of the department to the Minister but supported by documentation from Canada, from the Federal Government, which varies. The Financial Arrangements Act, in effect, by permitting the amount to be paid in a year subsequent to the year in which it is due and payable, and it was on this basis that we made the recommendation.

CHAIRMAN: Mr. Miller.

MILLER: This has happened before, where the Federal Government, for whatever reason, because of its financial problems or what have you, where money is anticipated in a particular fiscal year and the Federal Government didn't send the cheque. This, I'm sure, has happened often.

CURTIS: Yes.

MILLER: But I don't recall when the moneys received were not included in the fiscal year, they were set up as an Accounts Payable for the next preceding year or the subsequent year, Mr. Curtis. So that I can see the journal entry would show this 30.6 million received but which is actually paid to Canada, but being charged up to the preceding years is what I find somewhat strange. That's not the usual practice. My recollection, although limited in the department, is that the moneys received on a cash flow basis, just as certain moneys which we anticipated receiving and didn't receive, for whatever reason, you know. Ottawa held back a cheque. In this case they advanced the money. But moneys that were not received, even though anticipated, were simply shown as a shortfall in revenue for that year.

CURTIS: Mr. Chairman, as part of the recommendation that we had made at the time, we

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did do a listing of the kinds of variations that had taken place in the past and we actually prepared a table for the Minister at the time, which does indicate similar kinds of differences between years where I can recall a couple of years that were similar, where the Federal Government, in our view had excess funds that it wished to dispose of, just the reverse of this case, and they had provided us with cash that we weren't entitled to, and in advance, and we hadn't at the time taken those funds into revenue. We had taken it into the year following, that is, the year that we were entitled to receive it, and we did try to provide as much information in the Public Accounts and in our estimates to reflect those variations so that it would be clear.

MR. CHERNIACK: That's prepayment.

MR. CURTIS: Yes, giving us cash in advance. Just the reverse of this situation.

MR. CHERNIACK: No, it wasn't a reverse. One was a prepayment of what was known to be due and payable the next year; this was a claim for past indebtedness, for an overpayment from before.

MR. CURTIS: In the case that we're talking about, yes; it was an amount that they were entitled to. In other words, we owed them the money clearly in the year under The Fiscal Arrangements Act but they allowed us to pay it in the subsequent year, so it was clearly a liability. In the other situations that I was referring to, they had paid us in advance of our entitlement, which is the reverse situation. In those cases, we didn't take the income into revenue of the year, we took it into the year where we were entitled to it, so in other words, we just shifted it to the right year, forward. Well, in this case, we were shifting it the other way.

MR. CHERNIACK: This wasn't the right year, this was the wrong year, because it may have dated back two years. Mr. Craik said today that you just got a billing of \$9 million or \$13 million for two years ago.

MR. CURTIS: Yes. But the agreement, the Fiscal Arrangements Agreement, allows the Federal Government to charge us in the year that they find the error or the difference, and that could be two years later, or one year later, but it spells out the year in which they are entitled to charge us and deduct from our payments the amount that we owe them.

MR. CHAIRMAN: Mr. Schreyer.

MR. SCHREYER: Mr. Chairman, that elaboration actually deepens the problem, or deepens the confusion, because if I understood correctly, . . .

MR. CHAIRMAN: Mr. Schreyer, would you sit a bit closer to the microphone?

MR. SCHREYER: . . . if I understood correctly, Mr. Curtis was saying that The Fiscal Arrangements Act had to be varied. Now, the technical procedure for that would lie with the federal people, right?!

MR. CURTIS: I didn't mean the Act was varied; the payment that was due from us to the Federal Government was varied. In other words, they didn't insist on our paying them in the year, but it was deducted in . . .

MR. SCHREYER: But rather in the subsequent year.

MR. CURTIS: That's correct.

MR. SCHREYER: But that's just the point, you see, Mr. Chairman. If in fact the Government of Canada was amenable to, and in fact the transaction was so carried out as to be paid in the ensuing fiscal year, why was it shown on our books as being a negative entry or a payment out in the previous fiscal year?

MR. CURTIS: Because it was the year that it should have gone into. If you're trying to account for, as we are trying to do, revenues in the right year and expenditures in the right year, to the largest extent possible, then you would say that should apply to this year and not to the next year, where we are in fact being allowed to pay it off.

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R. SCHREYER: Fine, Mr. Chairman. I don't argue that point, it was discretionary. I admit it was discretionary, but then two points follow, the first being this question: if in fact the transaction, the way it was postponed to the subsequent fiscal year, that the intent and desire in Manitoba, if it's discretionary, was to have it take place in the 1977-1978 fiscal year, then why didn't the cash flow . . . why wasn't that arranged with Ottawa so that they would accept the cash. Did they refuse to accept the flow in 1977-1978 fiscal year?

R. CURTIS: I think really they permitted us — and this is quite late in the year — to forego the payment, because of the fact that we were short of cash and they realized that the provinces were having some problems. But I was trying to make the comparison to years gone by when they have said, "Look, we're flush with cash, and while we don't owe you the money now, we'll advance to you", and in those years we had used the same principle. We had said, All right, we're not entitled to the money this year. Therefore, we will show it as being received clearly, and it will go to the Public Accounts but we won't take it into income. We will show it as transferred to the next year, the year in which we are entitled to receive it. And it's a matter of . . .

R. SCHREYER: I don't want to sound virtuous, Mr. Chairman, but it sounds to me that that's exactly how it should be done. You get a prepayment, you don't take it into revenue in the year which it's received but rather in the year in which it normally would be expected and ought to be received.

R. CURTIS: That's correct.

R. SCHREYER: That's what you said, and to me that's only logical and that, apparently, was what was done.

Okay, let's drop this, Mr. Chairman, in terms of the strangeness of arranging with Ottawa by having her some bit of extra negotiation to postpone the actual payment and cash flow to the subsequent fiscal year, but yet showing it in our internal books as being a charge against the previous fiscal year. I mean that just . . . Clearly if we were short of cash we could have postponed it to the next fiscal year. Ottawa agreed. That in fact was done. Well then it shouldn't have been charged, however, to the books in the previous fiscal year. That's point one but that's less important than this. This brings my question to Mr. Curtis now: If that is felt to be logically enough, if not perfectly logical but reasonable enough, and can be worked out with an accommodating Federal Government, what about the parallel treatment of the converse of underpayments which are acknowledged by Ottawa to be payable or payable by them? Could not converse treatment have been worked out with Ottawa in that respect? Or simply a netting out?

R. CURTIS: In this case, really that's what payment we are talking about is, the \$30 million is an under-payment in the year and they in fact made the deductions themselves on our behalf and therefore didn't require it to be paid in the year in which they were actually entitled to receive the cash. So that was the basis for our adjustment. But I would say it's consistent with the adjustments made in past years, where if they did, by reason of having excess cash, give us too much money, and we tried to show it in the proper year, the year in which we were entitled to receive it. I think two examples are really the same but in reverse.

CHAIRMAN: Mr. Cherniack.

CHERNIACK: Firstly, I'd like to see what Mr. Curtis is talking about. He is talking about previous years; I'd like to see it. Secondly, I'd like to know whether in the last nine or ten years, last decade, whether at all times the books were balanced in the current fiscal year or whether indeed there were adjustments that were made subsequent to the then current fiscal year, which were not reflected in the way this was. Because the impression I get from Mr. Curtis is that there have been occasions of over-payment but that there have never been occasions of subsequent adjustment where the Government of Canada said you owe us money. That's the impression I get. Therefore I would like to know just what is he referring to when he talks about previous years, and what is every year's balance sheet — when was it worked out.

While he is looking for that, I will ask another question. I'd like to confirm that in fact this money was set aside, this \$30 million, was not paid to Canada, that in fact Canada made deductions for payments that they were making and that there was a cheque flowing from Ottawa to Winnipeg and not Winnipeg to Ottawa, that this \$30 million was never actually paid to Ottawa. I'm guessing

CURTIS: As I recall, it was deducted from subsequent payments.

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MR. CHERNIACK: So it was not a payment out by . . . when it was set up as an account payable it was not actually paid out; it was balanced against reductions that were made by Canada.

MR. CURTIS: It was a reduction of payments that were due us in the following year.

MR. CHERNIACK: In other words, Canada may have sent a cheque and said, "We enclose a cheque for \$20 million, representing \$22 million due to you, less \$2 million deducted on account of previous year."

MR. CURTIS: Yes.

MR. CHERNIACK: So there was actually no cash flow going from that \$30.6 million set aside. It's a bookkeeping entry, really.

MR. CURTIS: Well, it's a physical reduction of cash in the subsequent year . . .

MR. CHERNIACK: Yes, it's a bookkeeping entry, though.

MR. CURTIS: . . . but they could have . . . they were entitled, they could have asked for a cheque and deducted the whole amount from our last payment.

MR. CHERNIACK: They could have.

MR. CURTIS: They could have.

MR. CHERNIACK: Yes. And that's what I'm saying, though, that not only didn't they but even the money set aside from this fiscal year to the next, of \$30.6 million, was never actually physically paid by Manitoba to Ottawa, but rather was a reduction in the payments that were being made by Ottawa to . . .

MR. CURTIS: Mm'hmm.

MR. CHERNIACK: Yes. I have confirmed that, but I'd really like to know what are the instances before, and otherwise does it mean that the books are always balanced before the end of the fiscal year?

MR. CURTIS: Normally they are not, because there are payments that come in right at the end of the year, as you probably recall. But there have been a number of cases in the past number of years where we have made those kinds of adjusting entries as a result of money coming in at the wrong time. In other words, in advance of when we were entitled to it.

MR. CHERNIACK: Do they show up in the books?

MR. CURTIS: Yes.

MR. CHERNIACK: Where?

MR. CURTIS: We would get you the old Public Accounts, but they would show up. We did not clearly indicate the source.

MR. CHERNIACK: Well, would you provide that for us?

MR. CURTIS: Yes.

MR. CHAIRMAN: Mr. Miller.

MR. MILLER: What about where the Federal Government owes money to Manitoba, acknowledge that it owes the money but simply doesn't send the cheque until the next fiscal year? In other words they underpay to Manitoba. When you do receive that cheque, that is treated as money received within the fiscal year in which the money comes, even though it's acknowledged that the money is due but they just didn't pay it prior to March 31st or April 15th, or what have you. Is that a common occurrence? Where an amount is estimated, acknowledged and in fact it will be correct.

but they only choose to pay half of it and they are going to postpone payment for six months, which they have done on occasions.

MR. CURTIS: Just going back in my memory, I believe we have had the odd occasion where an amount has been owing to us and has come in . . .

MR. MILLER: late.

MR. CURTIS: . . . perhaps a few days late, slightly late.

MR. MILLER: Or sometimes it might be too late.

MR. CURTIS: And we have taken it into income, but the Auditor is aware of those instances.

MR. MILLER: If it comes in before April 20th, okay, but there are occasions when the money doesn't come in until May or June, in which case you would take that money . . .

MR. CURTIS: No, no, I don't believe we have had any that far back.

MR. MILLER: . . . and then it would be simply treated as cash flow for the year in which the money came in . . .

MR. CURTIS: Usually they are balanced quite well.

R. CHERNIACK: But if there was such an instance where there was known to be moneys payable the last fiscal year from Canada to Manitoba, but not actually paid, would it not have been insistent to show it as an account receivable?

R. CURTIS: Well, I suppose we could treat it that way. I don't recall any instances where we've had anything that was that . . .

R. CHERNIACK: Mr. Chairman, I just hate questioning Mr. Curtis about it, because I think it's responsibility of the Minister, and I will show some instances in this report where I think it could've been shown as an account receivable to offset that account payable, to some extent anyway. It I really dislike very much cross-examining a Manager when I think it's government policy we're dealing with.

R. CHAIRMAN: Mr. Ziprick.

R. ZIPRICK: Just as a matter of the policy, the capital claims have always been recorded on a receivable basis. So any recovery of capital expenditures, the claims have always been set up as a receivable but the policy has been for any revenue of expenditure claims — and they are mainly in the education area for post-secondary education — these were on a cash-flow basis. The large amounts of money were coming in under the Department of Health and Welfare. Now those claims are highly standardized and the cash flow is very consistent, they are large amounts, and we ensure that there are 12 claims get into each year. As far as education claims, there has been some problems delaying of sending the claims, then Auditors approving the claims and there are some disputes, but this is the area where there has been some unevenness in the cash flow.

R. CHERNIACK: Do you agree, Mr. Ziprick, with my suggestion that if that is known that it would be consistent to show that as an account receivable, as against this account payable?

R. ZIPRICK: To apply those would be not consistent with the treating of the same things the previous years.

CHERNIACK: No, it would not be . . .

ZIPRICK: In other words, we . . .

CHERNIACK: . . . but would it not be consistent with what the government did this year?

ZIPRICK: Well, these are matters of policy and some of these policies are decided at one

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. . . could be one shot. That's within the prerogative of the Minister of Finance, and if he decide to do that it's a decision that . . .

MR. CHERNIACK: So what happened was that they broke the consistency by showing this \$30. million as an expenditure, whereas it was not an expenditure in that current year, but they did not at the same time take into account receivables, which are coming from the Government of Canada; to possibly offset this kind of a deficit.

MR. ZIPRICK: Oh, there could have been trade-offs followed, yes.

MR. CHERNIACK: There could have been trade-offs, and it was government policy that change it. I mean it wasn't your consideration that did it; it was government policy.

MR. ZIPRICK: No, no, no.

MR. MILLER: In other words, they were consistent in the way they handled the moneys which we due from Ottawa, but not consistent with the way they handled moneys which Ottawa has paid?

MR. ZIPRICK: Well, Mr. Curtis has brought some points up that came the other way. I am not . . .

MR. CHERNIACK: . . . don't know about them.

MR. ZIPRICK: I sort of have recollection, but he would have the details. As far as going this way we have to go back to 1968 and 1969, I think, to find where there has been similar deferrals much smaller amounts.

MR. CHERNIACK: Of course, it's not for you to comment about the fact that there was a change of government in the fiscal year we're dealing with now and that whether or not that could have motivated that kind of decision. I'm not asking you to comment on that, but I raise that point.

MR. CHAIRMAN: Any further discussion on Page 15? Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, just one thing. There are substantial decreases in taxation on corporate and the revenue guarantee — we know that — and these decreases include the \$3 million, don't they?

MR. ZIPRICK: That's right.

MR. CHERNIACK: Yes. Now, how much of that was the government's decision to reduce income taxation? Was there anything in there? I don't remember the timing, but the government reduced income taxes. Did that form part of the decrease of the revenue?

MR. ZIPRICK: I guess it would probably have some bearing on it. I don't think that it would have an appreciable bearing.

MR. CHERNIACK: I don't even remember whether it applies.

MR. CHAIRMAN: Mr. Minaker.

MR. MINAKER: I think, Mr. Chairman, that it comes into play in the following year — like year, not the one that we are dealing with now but in our present year...

MR. CHERNIACK: There was a reduction in tax enacted in December. Did that not affect withholding tax for January? —(Interjection)— You're talking about fiscal year and calendar year. Now, the tax reduction was for the calendar year, wasn't it? Not the fiscal year.

MR. CURTIS: The calendar year, as I recall.

MR. CHERNIACK: Well, that then means that three months of 1978 had a reduced tax, and I am assuming that the withholding tax was less — for four months, isn't it?

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MR. CURTIS: The bulk of it wouldn't be collected until the following April deadline, to be accurate.

MR. CHERNIACK: Well, now I am confused. Does not the Government of Canada collect withholding tax and remit it? Does that then not mean that new books would have been published, based on the government's reduction of taxes so that the January withholding tax would be less and therefore the remittance to the Province of Manitoba would be less.

MR. CURTIS: Except that they pay us late. There is a period . . .

MR. CHERNIACK: Not four months . . .

R. CHAIRMAN: Mr. Curtis, can you make sure that you get a little closer to the microphone.

R. CURTIS: Oh, I'm sorry. It's either two or three months later that we get the payments. So there is always a lag, regardless of the rates, because you know they have that leeway of collecting and then paying us subsequently.

R. CHERNIACK: But there might have been a couple of months, then.

R. CURTIS: It's either two or three months. It could have been one or two months.

R. CHERNIACK: It could have been March and April cheques may have been less because of the reduction in tax.

R. CURTIS: Yes, it could be. So there could be one month at the most.

R. CHERNIACK: Yes. Thank you.

R. CHAIRMAN: Page 15, Page 15—pass; Page 16 — Mr. Cherniack.

R. CHERNIACK: Page 16, Residual post-secondary education support. How much money was received in the subsequent fiscal year, based on what was owing by Canada? It says the revenue received was \$3.9 million. The estimate was short by \$3.9 million since the claims were not finalized soon as anticipated. I'm wondering if Mr. Curtis . . . He probably doesn't know how much was received but I am told it was \$5 million, and therefore this is an example of the point we are trying to make that that \$3.9 million not yet received because claims were not finalized could have been, I say should have been, shown as an account receivable to offset the \$30.6 million as being claims owing by Canada to the province.

CHAIRMAN: Mr. Curtis.

CURTIS: I think there is one major difference. I think this applies and that is that we wouldn't have been entitled to the funds until the subsequent year, under the arrangements, whereas in the other case, the \$30.6 million, the Federal Government was entitled to the funds at that point.

CHERNIACK: Why were we not entitled to it?

CURTIS: I believe the amount would be flowing into the subsequent fiscal year.

CHERNIACK: But why? It's due from the previous year.

MILLER: It is estimated at \$7.8 million.

CURTIS: There is a fair lag period between the time that the claim is established and verified, audited and submitted, and they are not obliged to pay us in advance. If there were an advance payment, that perhaps would be different, but there isn't in this case. It's a post-audit provision of funding.

CHERNIACK: But it was money that the Province of Manitoba knew was owing to it by Canada at that fiscal year.

MR. CURTIS: That's true, and there are all sorts of similar kinds of arrangements where the funds come in, in the subsequent period, even though we had laid the cash out.

MR. CHERNIACK: Right.

MR. CURTIS: It's a question of entitlement to the funding.

MR. CHERNIACK: Well but by the same token that \$30.6 million, you didn't have to pay it until the following year. You were entitled not to pay it until the following year.

MR. CURTIS: No, no, that's not right. Under the Act we were obliged to pay it.

MR. CHERNIACK: But you were, by arrangement, entitled not to.

MR. CURTIS: I don't even think it was an arrangement; I think they, at the last minute, said, "We will take it out of the next year."

MR. CHERNIACK: You could have paid it?

MR. CURTIS: Sure, oh certainly. If they had said, "We want a cheque today," we would have had to provide the cheque.

MR. CHERNIACK: Mr. Chairman, I'm just letting it rest that I now have been told that \$5 million was received instead of \$3.9 million, that I would contend that at least the \$3.9 million could have been shown — I think Mr. Ziprick agreed with that — could have been shown as a receivable to offset the \$30.6 million and wasn't. I'm just driving home the fact that there were money owing by Canada.

MR. CHAIRMAN: Any further comment on Page 16? Page 16—pass. I note the time is 4 o'clock and I have had no indication from any members of the Committee how long they wish to sit this afternoon. Committee rise? Committee rise. Do we have any indication when the Committee want to sit, Mr. Minaker?

MR. MINAKER: Mr. Chairman, I talked with the Minister and he indicated it would probably be in approximately two weeks time, because of his present schedule. Once he is definite on it, the information will come out from the Clerk.

MR. CHAIRMAN: The members will be notified in the normal manner.

MR. MILLER: Can we have at least a week's notice, so that we can budget our time accordingly?

MR. MINAKER: We will attempt to.

MR. CHAIRMAN: Committee rise.

ADDENDUM TO

PUBLIC ACCOUNTS COMMITTEE MEETING, THURSDAY, JUNE 8, 1978

RE: FREIGHT, EXPRESS & CARTAGE (PAGE 148)

QUESTION BY MR. WILSON

"All right. Mr. Minister, the question is that I would like to know what the Government in these cash payments, 1976-77, spent on cartage and transfer companies, hauling companies, in that particular year?"

REQUESTED INFORMATION

An analysis of the expenditure object code used to classify expenditures for "Freight, Express and Cartage" during the fiscal year indicates that a total amount of \$1,045,737.47 was expended from appropriations. The following schedule illustrates the distribution of these expenditures by department:

Legislation	\$	25.20
Executive Council		4,891.03
Agriculture		194,898.32
Attorney-General		3,124.14
Civil Service		628.80
Colleges & Universities Affairs		45,152.00
Consumer, Corporate & Int. Serv.		5,057.20
Co-operative Development		1,090.45
Education		10,086.88
Finance		1,370.15
Health & Social Development		72,679.59
Highways		54,175.01
Industry & Commerce		4,983.03
Labour		612.65
Mines Resources & Env. Management		194,760.80
Municipal Affairs		2,371.47
Northern Affairs		184,849.10
Public Works		147,513.44
Renewable Resources & Trans. Services		82,798.16

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Tourism, Recreation & Cult. Affairs	\$ 31,136.24
Urban Affairs	3,467.81
Flood Control & Emergency Expenditures	66.00
	<hr/>
	\$ 1,045,737.47
	<hr/> <hr/>

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PUBLIC ACCOUNTS COMMITTEE MEETING, THURSDAY, JUNE 8, 1978

RE: COST OF TAXIS (PAGE]48)

QUESTION BY MR. WILSON:

"I'll also ask the question on similar page 148, could the Government give me the cost of taxis for the year 1976-77 spent by the Government?"

REQUESTED INFORMATION

An analysis of the expenditure object code used to classify expenditures for "Transportation (other than Employees) - Taxis" during the fiscal year indicates that a total amount of \$494,011.20 was expended from appropriations during the 1976-77 fiscal year. The following schedule illustrates the distribution of these expenditures by department:

Executive Council	\$ 943.85
Attorney-General	2,416.55
Co-operative Development	70.15
Public Works	53.70
Health & Social Development	481,688.59
Mines Resources & Env. Mgt.	51.35
Tourism Recreation & Cult. Affs.	236.70
Colleges & Universities Affairs	359.25
Renewable Resources & Trans. Servi.	109.65
Education	4,481.56
Northern Affairs	3,599.85
	<u>\$ 494,011.20</u>

It should be noted that coding of expenditures to this level of detail is not a mandatory requirement in the Departments and that a minority of expenditures may not have received this coding.

PUBLIC ACCOUNTS COMMITTEE MEETING, THURSDAY, JUNE 8, 1978

RE: AMARANTH WORK ACTIVITY PROJECT, AMARANTH, \$370,940.72

(PAGE 150)

QUESTION BY MR. WILSON

".....the Amaranth Work Activity Project, for \$370,000. I just wanted an explanation as to what that was"

REQUESTED INFORMATION

The Amaranth Work Activity Project is one of several such projects operated by the Province on a 50% cost-shared basis with the Federal Government. Work Activity Projects are designed to assist persons who because of personal or family reasons have unusual difficulty in finding and retaining employment or in benefiting from technical or vocational training programs. The Work Activity Projects use a combination of counselling and practical on the job training to provide clients with social and vocational skills needed for the technical or vocational training and/or employment placement best suited to their needs.

The Amaranth Project services the communities of Amaranth, Alonsa, Langruth, Kinosota, Sandy Bay Reserve and Bacon Ridge.

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PUBLIC ACCOUNTS COMMITTEE MEETING, THURSDAY, JUNE 8, 1978

RE: AD HOC COMMITTEE FOR THE BETTER UNDERSTANDING OF CULTURE
THROUGH MUSIC, WINNIPEG, \$3,000 - (PAGE 149)

QUESTION BY MR. ORCHARD

"I'd like to find out whose department this \$3,000. was funded through. I'd like to know who the individual or individuals are who make up this ad hoc committee. I'd like to find out if there was any follow-up as to the report on the Ad Hoc Committee's findings, whether the government was ever presented with a report on the findings of whether there is better understanding of culture through music."

REQUESTED INFORMATION

This payment was a cultural grant made by the Department of Tourism, Recreation and Cultural Affairs under the authority of O/C 403/77. The Ad Hoc Committee was comprised of nine cultural groups from Winnipeg and its objective was to provide a mechanism allowing an exchange and sharing of the music and song of various cultures in Manitoba, in one common concert, with the accompaniment of the Winnipeg Symphony Orchestra. The concert was held on April 20, 1977. There was no undertaking to report on whether or not the Committee had achieved a better understanding of culture through music.

The individuals who made up the Ad Hoc Committee were:

Bairos, August
Benoist, Marius
Borman, Gunter
Cohen, David
Grande, Franco
Januszkiewicz, H.
Kalba, Dr. J.
Lee, Phil
Lorenc, Chris
Stanczykowski, K.

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PUBLIC ACCOUNTS COMMITTEE MEETING, THURSDAY, JUNE 8, 1978

RE: ANNIN FLAG CO. LTD., TORONTO, \$8,351.60 (PAGE 151)

QUESTION BY MR. WILSON

"Could I have a breakout and the reasoning why we spent \$8,351.60 on flags, under the Annin Flag Company of Toronto?"

MR. CRAIK

"We can give you a breakout, but we can't give you the reason".

REQUESTED INFORMATION

The following is a breakout of payments to the Annin Flag Co. Ltd.

<u>Date of Payment</u>	<u>Amount</u>	<u>Particulars</u>
<u>DEPARTMENT OF TOURISM, RECREATION & CULTURAL AFFAIRS</u>		
June 24/76	\$2,180.00	Manitoba Flags (6"x10") and bases purchased by the Tourist Branch
July 30/76	1,450.00	Manitoba Flags (6"x10") and bases purchased by the Tourist Branch
April 18/77	536.00	Manitoba miniature flags (4"x6") purchased by the Tourist Branch

DEPARTMENT OF PUBLIC WORKS

Sept. 30/76	\$ 156.40	Manitoba and Canada flags (3'x6') shipped
March 31/77	153.50	to Brandon

DEPARTMENT OF HEALTH & SOCIAL DEVELOPMENT

July 12/76	\$3,425.70	Manitoba games flags (3'x6') and applique (4 1/2"x9") purchased by the Sports Administrative Centre
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DEPARTMENT OF INDUSTRY & COMMERCE

Nov. 4/76	\$ 450.00	Manitoba flags (4"x6") purchased by Promotion & Information Services
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Public Accounts
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PUBLIC ACCOUNTS COMMITTEE MEETING, THURSDAY, JUNE 8, 1978

RE: I. BAIN, PUTNEY, ENGLAND, \$14,104.80 (PAGE 153)

QUESTION BY MR. WILSON

"I'm just trying to establish, what would that money be for, and it's just one of general information?.....why we would be sending a cheque over to London, England.....the I. Bain in London, England, \$14,014.80."

REQUESTED INFORMATION

Mr. Bain was under contract with the Tourist Marketing Service Branch of the Department of Tourism, Recreation and Cultural Affairs to write articles on travel and tourism in Manitoba for distribution in England and other European Countries for tourist promotion purposes. A total of 30 articles were purchased. Distribution and promotion were done at Mr. Bain's expense.

Public Accounts
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PUBLIC ACCOUNTS COMMITTEE MEETING, THURSDAY, JUNE 8, 1978

RE: CONSULTING ENGINEERS

QUESTION BY MR. PARASIUK

"I would like to get that same information as well and I'll ask for 213, which is Consulting Engineers".

REQUESTED INFORMATION

An analysis of the expenditure object code used to classify expenditures for "Consulting Engineers (other than Management Consultants)" during the fiscal year indicates that a total amount of \$234,911.91 was expended from appropriations. The following schedule illustrates the distribution of these expenditures by department:

Consumer Corporate & Int. Services	\$ 95,765.70
Public Works	19,098.54
Health & Social Development	5,970.00
Industry & Commerce	19,647.38
Mines Resources & Env. Mgt.	65,813.68
Municipal Affairs	12,210.00
Tourism Recreation & Cult. Affs.	4,107.11
Renewable Resources & Trans. Services	11,799.95
Northern Affairs	499.55
	<hr/>
	\$ 234,911.91
	<hr/> <hr/>

It should be noted that coding of expenditures to this level of detail is not a mandatory requirement in the Departments and that a minority of expenditures may not have received this coding.

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PUBLIC ACCOUNTS COMMITTEE MEETING, THURSDAY, JUNE 8, 1978

RE: LEGAL FEES (PAGE 151)

QUESTION BY MR. WILSON

"The second one under Appleby & Chappel, which is legal fees, I wonder if under code 214 I might be able to have the cost to the government in 1976-77 for lawyers in the Province. It would seem to me that it entails a lot of work and when you have 214, I wondered if included in that, I think there's another one called, Fees & Services paid on behalf of citizens, no 731. So I think if I could combine 731 with 214 I would be able to tell the legal cost to the taxpayers of Manitoba that this Government in that particular period 1976-77 paid to obtain advice on different related matters pertaining to Government.

REQUESTED INFORMATION

An analysis of the two expenditure object codes requested indicates the following expenditures for the fiscal year:

Code 214 - Professional Fees, Lawyers	\$ 179,482.15
Code 731 - Fees & Services Paid on Behalf of Citizens	6,656.26
	<u>\$ 186,138.41</u>

The following schedule indicates the distribution of these expenditures by department:

	Code <u>214</u>	Code <u>731</u>
Legislation	\$ 5,000.00	\$ -
Executive Council	7,830.45	-
Attorney-General	82,143.78	-
Consumer Corporate & Int. Serv.	19,079.00	-
Co-operative Development	13,868.56	-
Finance	9,263.27	-
Health & Social Development	7,972.96	6,626.26
Industry & Commerce	10,370.22	-
Mines, Resources & Env. Mgt.	3,927.00	-
Municipal Affairs	9,981.32	-

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	<u>Code</u> <u>214</u>	<u>Code</u> <u>731</u>
Tourism Recreation & Cult. Affs.	\$ 8.00	\$ -
Renewable Resources & Trans. Serv.	6,048.00	5.00
Northern Affairs	3,989.59	25.00
	<u>\$ 179,482.15</u>	<u>\$ 6,656.26</u>

It should be noted that coding of expenditures to this level of detail is not a mandatory requirement in the Departments and that a minority of expenditures may not have received this coding.

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PUBLIC ACCOUNTS MEETING, THURSDAY, JUNE 8, 1978

RE: PATRICK J. BEEL, WINNIPEG, \$3,749.29 (PAGE 155)

QUESTION BY MR. WILSON

"So would I have to ask what the Patrick Beel item was or is there an item that has honorariums or gifts under the object code situation?well then what I'll do is ask for a breakdown of that and ask what the expenditure was for....."

REQUESTED INFORMATION

Mr. Beel is employed as a bridge inspector by the Department of Highways. The payments made to him were for reimbursement of automobile and other travel expenses incurred during the performance of his duties.

PUBLIC ACCOUNTS COMMITTEE MEETING, THURSDAY, JUNE 8, 1978

RE: THE ASSOCIATION OF PEOPLE WORKING TOGETHER ON CONCERNS,
WINNIPEG,
\$23,978.00 (PAGE 152).

QUESTION BY MR. ORCHARD

"Mr. Chairman, I would like to ask for a breakout on an item in the first column, The Association of People Working Together on Concerns, in Winnipeg. Whose Department it was funded through; the individual or individuals as the main members of that association and as to whether there was any followup report presented to government as a result of government's input in funding."

REQUESTED INFORMATION

The payments were made from the "Special Projects" appropriation (16-4C) of the Department of Colleges and Universities Affairs. The Association was a group of people from the inner-city of Winnipeg that put forward a proposal in 1975 for the training of inner-city people as paraprofessionals working with a number of inner-city organizations. The Association board consisted of representatives from the United Church, Winnipeg School Division and various social service groups.

Board members were:

B. Ball	Social Worker
B. Lewis	Student
O. Longbotham	United Church
J. Monteith	Principal, William Whyte School
D. Mueller	Special Projects, Department of Colleges and Universities Affairs
A. Shapiro	Neighborhood Improvement Program
T. Yauk	Neighborhood Improvement Program

The project was monitored by the Department of Colleges and Universities Affairs. The Director of the project was required to submit monthly financial reports, audited year-end financial statements and a copy of the annual report to the Board.

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PUBLIC ACCOUNTS COMMITTEE MEETING, THURSDAY, JUNE 8, 1978

RE: CANADIAN BAR ASSOCIATION, OTTAWA, \$10,550.00 (PAGE 161)

ESTION BY MR. WILSON

"Another one I'd like a breakdown of, if I could, is the Canadian Bar Association in Ottawa for \$10,550.00."

QUESTED INFORMATION

The amount of \$10,550.00 to the Canadian Bar Association is made up of the following payments:

<u>Date of Payment</u>	<u>Amount</u>	<u>Particulars</u>
<u>ATTORNEY-GENERAL'S DEPARTMENT</u>		
Aug. 31, 1976	\$ 10,000.00	Grant paid to the Association under authority of Order in Council 926/76.
Sept. 16, 1976	125.00	Registration fee for attendance of G.E. Pilkey, Deputy Minister at the 58th annual meeting of the Association.
Dec. 29, 1976	75.00	1977 membership fee for the Honourable Howard Pawley.
Jan. 20, 1977	250.00	Registration fee for attendance of Messrs. Goodman and Perreault at the 58th annual meeting of the Association.

DEPARTMENT OF TOURISM, RECREATION & CULTURAL AFFAIRS

Dec. 17, 1976	75.00	Purchase of subscriptions to the "Canadian Bar Review", volumes 52, 53 and 54.
Jun. 13, 1977	25.00	Purchase of subscription to the "Canadian Bar Review", volume 55.

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PUBLIC ACCOUNTS COMMITTEE MEETING, THURSDAY, JUNE 8, 1978

RE: CITY OF NECHE, NECHE, N.D., U.S.A., \$78,211.22 (PAGE 16

QUESTION BY MR. ORCHARD

"I note a payment to the City of Neche, Neche, North Dakota for \$78,000.00. Would it be possible to get a breakdown as to the nature of the payment and from whose department?"

REQUESTED INFORMATION

The payments to the City of Neche, North Dakota were made by the Manitoba Water Services Board and pertain to the capital costs and operating expenses of the Neche Water Plant which supplies water to the following locations in Canada:

- a) Town of Altona
- b) Village of Gretna
- c) Various Communities in the Rural Municipality of Rhineland.

The water is purchased under an agreement that was signed in 1960 and renewed for a further ten year term in 1970. Under this agreement, the Province pays the following costs to the City of Neche based on the percentage of water used:

- a) Operating expenses which are assessed on a quarterly basis.
- b) Principal and interest costs for a 1957 and a 1960 bond issue, assessed on a semi-annual basis.

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PUBLIC ACCOUNTS COMMITTEE MEETING, THURSDAY, JUNE 8, 1978

RE: BOW HELICOPTERS LIMITED, CALGARY, \$168,910.00 (PAGE 157).

QUESTION BY MR. ORCHARD

"Mr. Chairman, in the second column there is an item, Bow Helicopters Limited, in Calgary, for almost \$169,000.00. Would the Minister have any indication as to the nature of services provided and where?"

REQUESTED INFORMATION

This amount was paid by the Department of Renewable Resources and Transportation Services for Forest Protection. Invoices from the supplier indicate the following services related to the fire fighting operation of the Department were performed:

- a) Moving and placing of fire crews
- b) Water bombing
- c) Movement of supplies and equipment

ADDENDUM TO

PUBLIC ACCOUNTS COMMITTEE MEETING, TUESDAY, JULY 4, 1978

RE: EHRLO RANCH, REGINA, SASKATCHEWAN, \$172,928.23, (PAGE 17

QUESTION by MR. WILSON

"I'm looking at the Ehrlo Ranch in Regina, Saskatchewan \$172,928.00 - I understand that it's for sending problem juveniles to Saskatchewan. I wondered if I could find how many juveniles this covers, a breakdown of it mainly I'll leave that with you. What I'm trying to get at is what is the cost per juvenile to send them to Regina at this ranch, so I'll get that if you get me the figures

REQUESTED INFORMATION

The payments of \$172,928.12 to Ehrlo Ranch, Regina during the 1976-77 fiscal year were made by the Department of Health & Social Development and covers the treatment of 17 juveniles. These juveniles participated for varying periods of time in one of the following programs. The daily rate for each program is also indicated.

- (a) Wilderness Challenge Program -
\$43.00 to May 31, 1976; \$48.15 remainder of fiscal year.
- (b) Residential Treatment & Care Program -
\$40.60 to May 31, 1976; \$45.45 remainder of fiscal year.
- (c) Group Home Program -
\$20.30 to May 31, 1976; \$22.70 remainder of fiscal year.
- (d) Family Home Care Program -
\$11.35 paid latter part of fiscal year.

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PUBLIC ACCOUNTS COMMITTEE MEETING, TUESDAY, JULY 4, 1978

RE: KEPRON'S 8/16 MM LTD., WINNIPEG \$63,735.68 (PAGE 194)

QUESTION BY MR. WILSON

"Under the 16 mm and 18 mm films, Keprons \$63,735.68, I had spoken through you, Mr. Chairman, last time about a problem that I was looking at under Minister's Estimates pertaining to the purchase of films and I wondered if I could have a breakdown of this item."

REQUESTED INFORMATION

The attached schedule provides a breakdown of the payments made to Kepron's 8/16 MM Ltd. by each Department. Payments have been categorized under the following headings:

- (a) Equipment Purchases - Include purchase of movie or slide projectors and other audio/video equipment.
- (b) Parts/Supplies Purchases - Include parts for equipment such as lamps, reels, lens, etc.
- (c) Service Charge - Includes the labour charge for repairs to equipment.
- (d) Filmstrips, cassettes, texts, etc. - Includes the purchase of filmstrips, cassettes, workbooks, guidebooks, etc.

<u>DEPARTMENT</u>	<u>EQUIPMENT PURCHASES</u>	<u>PARTS/SUPPLIES PURCHASES</u>	<u>SERVICE CHARGES</u>	<u>FILMSTRIPS, CASSETTES, TEXTS, ETC.</u>	<u>TOTAL</u>
Executive Council	\$ 661.47	\$	\$	\$	\$ 661.47
Agriculture	1,332.70	244.71	416.57		1,993.98
Public Works	1,645.64	62.69			1,708.33
Health & Social Development	13,203.66	538.32	217.26	16,823.83	30,783.07
Tourism, Recreation & Cultural Affairs	3,905.81			101.30	4,007.11
Highways	1,368.12	254.58	87.15		1,709.85
Colleges & Universities Affairs	5,382.28	732.61	46.01	4,360.11	10,521.01
Renewable Resources & Transpor- tation Services	606.06		10.50		616.56
Urban Affairs		127.05	30.19		157.24
Mines, Resources & Environmental Management			39.38		39.38
Education	3,951.12	1,859.46	107.64		5,918.22
Manitoba Text Book Bureau				5,619.46	5,619.46
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$32,056.86	\$ 3,819.42	\$954.70	\$26,904.70	\$63,735.68
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Public Accounts
Friday, November 24, 1978

PUBLIC ACCOUNTS COMMITTEE MEETING, TUESDAY, JULY 4, 1978

RE: MARITIME INDUSTRIES LTD., BURNABY, B.C., \$403,276.90
(PAGE 206)

QUESTION BY MR. WILSON

"Mr. Chairman, would the Minister give me a breakdown of the Maritime Industries Limited in Burnaby, B.C."

REQUESTED INFORMATION

Payments to Maritime Industries Limited of \$403,276.90 were made under two contracts that company had with the Marine Division of the Department of Renewable Resources and Transportation Services. The contracts with the supplier covered the purchase of the following:

CONTRACT #1

The supply, installation, and commissioning of steering propulsion units and controls for two new passenger/vehicle ferries, hulls N1 and N2. The total contract price was \$267,437.10. Of this amount \$241,966.90, was paid during the fiscal year.

CONTRACT #2

The purchase of 3 additional Marine propulsion units. Two of these units to be used on the Hecla II vessel while one will remain as a spare unit. The total contract price was \$178,290.00. Of this amount, \$161,310.00 was paid during the fiscal year.

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PUBLIC ACCOUNTS COMMITTEE MEETING, TUESDAY, JULY 4, 1978

RE: MEDICAL PRODUCTS INSTITUTE INC., WINNIPEG, \$35,580.00
(PAGE 209)

QUESTION BY MR. WILSON

"Could I have a breakdown of the Medical Products Institute of Winnipeg?"

REQUESTED INFORMATION

The payment of \$35,580.00 to the Medical Products Institute, Inc. was a grant made by the Department of Industry & Commerce from appropriation 2C-2, Science & Technology.

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PUBLIC ACCOUNTS COMMITTEE MEETING, TUESDAY, JULY 4, 1978

RE: MTV LTD., WINNIPEG, \$97,751.54 (PAGE 212)

STION BY MR. WILSON

"I'm just interested in what MTV. Ltd., Winnipeg might be, \$97,751.54. If it could be explained to me I don't necessarily need a breakdown; if you can't give me the answer then I'll request one."

TESTED INFORMATION

The majority of the payment of \$97,751.54 were made by the Department of Consumer, Corporate & Internal Services (Advertising Audit and Media Co-ordination Centre) for the purchase of radio and television broadcast time on behalf of Government Departments, Agencies and Crown Corporations. These accounts are paid initially by the Advertising Audit and Media Co-ordination Centre and subsequently recovered from the Department, Agency or Crown Corporation. Included in this total is approximately \$1,200. paid for the production of the material used on the broadcasts.

Included in this total are payments to CKY AM/FM, an associated company, that have been merged under the same heading. This amount is split between the two organizations as follows:

MTV. Limited	\$ 78,781.24
CKY AM/FM	18,970.30
	<u>\$ 97,751.54</u>

There is a further amount of \$2,633.30 to CKY AM/FM on page 166 of the Supplement to the Public Accounts.

Public Accounts
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PUBLIC ACCOUNTS COMMITTEE MEETING, TUESDAY, JULY 4, 1978

RE: STEVENS & SON LTD. WINNIPEG, \$126,937.16 (PAGE 239)

QUESTION BY MR. WILSON

"Again, because I haven't got the answer on the examination of the emergency and purchase of medical supplies I would like a breakdown of Stevens & Son Ltd., \$126,937.16? What I'm trying to establish, if I get this list, is to whether these were indeed emergency purchases or not?"

REQUESTED INFORMATION

Because the account for Stevens & Son Ltd. is comprised of several hundred invoices, many of which are for small amounts, the account was first stratified, as follows to determine the most significant purchases and the Department responsible for these purchases:

<u>Dollar Value</u>	<u>No. of Invoices</u>	<u>%</u>	<u>Invoice Amounts</u>	<u>%</u>
\$0 - \$100	178	49%	\$ 8,345	7
101 - 500	130	36	20,609	16
501 - 1,000	17	5	11,833	9
Over 1,000	37	10	86,150	68
	<u>362</u>	<u>100%</u>	<u>\$ 126,937</u>	<u>100%</u>

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<u>Department</u>	<u>\$0-\$100</u>	<u>\$101-\$500</u>	<u>\$501-\$1,000</u>	<u>Over \$1,000</u>
Agriculture	\$ 312	\$ 2,313	\$	\$ 1,564
Public Works	30			
Health & Social Development	7,120	17,096	11,833	84,586
Lines, Resources & Environmental Management		215		
Tourism Recreation & Cultural Affairs		325		
Colleges & Universities Affairs	608	660		
Renewable Resources & Transportation Services	275			
	<u>\$ 8,345</u>	<u>\$ 20,609</u>	<u>\$ 11,833</u>	<u>\$ 86,150</u>

The stratification indicates that 10% of the invoices represent 68% of the amount paid to the supplier and that the Department of Health & Social Development was responsible for the majority of the purchases.

The attached schedule presents the details of the items purchased in the over \$1,000 category along with an indication of whether or not these were emergency purchases.

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PUBLIC ACCOUNTS COMMITTEE MEETING, TUESDAY, JULY 4, 1978

RE: WASHTRONIC'S, LTD., WINNIPEG, \$398,948.11 (PAGE 250)

QUESTION BY MR. WILSON

"I'm sure there's a simple explanation for this, but under Washtronic's Ltd., almost \$400,000.00 - the second item. Would this be for purchasing equipment to set up our own carwash equipment in the new government garage, or would this be for washing government cars? It is obvious they are an equipment dealer, so maybe I'll ask for a breakdown and then we will see what it's for."

REQUESTED INFORMATION

The payments of \$398,948.11 to Washtronic's Ltd. were made for the following:

DEPARTMENT OF TOURISM, RECREATION & CULTURAL AFFAIRS

Purchase of repair parts and supplies. \$ 46.

DEPARTMENT OF HIGHWAYS

Purchase of repair parts and supplies. 3,075.

DEPARTMENT OF NORTHERN AFFAIRS

Purchase of repair parts and supplies. 97.

DEPARTMENT OF INDUSTRY & COMMERCE

Payment of feasibility studies incentives
assistance grant. 1,750.

MANITOBA TRADING CORPORATION

Purchase of bus washers to fill orders
received from Lima, Peru. 393,978.

\$398,948.

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Public Accounts
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PUBLIC ACCOUNTS COMMITTEE MEETING, TUESDAY, JULY 4, 1978

RE: WINSTON LEATHERS, WINNIPEG, \$15,031.00 (PAGE 254)

QUESTION BY MR. ORCHARD

"Mr. Chairman, could I get a breakdown on an item, Winston Leathers, Winnipeg, \$15,031.00?"

REQUESTED INFORMATION

The payments of \$15,031.00 to Winston Leathers, Winnipeg, were made for the following:

DEPARTMENT OF PUBLIC WORKS

Purchase of art work for an art wall in the Portage la Prairie Office Building	\$ 15,000.00
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DEPARTMENT OF TOURISM, RECREATION & CULTURAL AFFAIRS

Re: Manitoba Olympic Exhibition - rental fee for signed print titled Flag West	31.00
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\$ 15,031.00

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PUBLIC ACCOUNTS COMMITTEE MEETING, TUESDAY, JULY 4, 1978

RE: BRENT ZANDER, \$63,076.80, AND BRIAN ZANDER, \$29,635.05,
SWAN RIVER,

(PAGE 255)

QUESTION BY MR. ORCHARD

"At the bottom of the page on 255, two items, Brent Zander
Brian Zander. Could I get a breakout on these two items?"

REQUESTED INFORMATION

The payments of \$63,076.80 to Brent Zander were made for
rental of equipment, including operator and all operating
costs by the following departments:

Department of Highways	\$ 6,853.43
Department of Mines, Resources & Environmental Management	55,502.62
Department of Renewable Resources & Transportation Services	720.75
	<u>\$ 63,076.80</u>

The payments of \$29,635.03 to Brian Zander were made for
the rental of equipment, including operator and all
operating costs by the following departments:

Department of Highways	\$ 28,499.38
Department of Renewable Resources & Transportation Services	1,135.65
	<u>\$ 29,635.03</u>

<u>INVOICE NO.</u>	<u>INVOICE DATE</u>	<u>ITEMS PURCHASED</u>	<u>AMOUNT</u>	<u>PURCHASED BY</u>	<u>TYPE OF PURCHASE ORDER</u>
DEPARTMENT OF HEALTH & SOCIAL DEVELOPMENT					
67679	April 1, 1976	1 E & J power wheelchair	\$ 1,440.45	Medical Supplies & Home Care Equipment Branch	Emergency
68890	April 27, 1976	swabs, medicine glasses, catheters, syringes, etc.	1,027.73	Selkirk Mental Health Centre	Purchasing Bureau
68962	April 28, 1976	1 traveller chair & 5 universal chairs	1,615.50	Medical Supplies & Home Care Equipment Branch	Emergency
67737	April 2, 1976	960 of A.D.A., 1 oz.	1,592.64	Brandon Mental Health Centre	Purchasing Bureau
69761	May 14, 1976	various items for ostomy program	5,552.27	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
69890	May 18, 1976	1 solid state power chair	1,552.05	Medical Supplies & Home Care Equipment Branch	Emergency
67606	March 30, 1976	1 E & J Universal Wheelchair	1,029.00	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
70468	June 1, 1976	1 E & J power wheelchair	1,513.35	Medical Supplies & Home Care Equipment Branch	Emergency
70177	May 25, 1976	1 E & J power wheelchair	1,427.40	Medical Supplies & Home Care Equipment Branch	Emergency
70178	May 25, 1976	1 E & J power wheelchair	1,440.45	Medical Supplies & Home Care Equipment Branch	Emergency
70175	May 25, 1976	1 E & J power wheelchair	1,440.45	Medical Supplies & Home Care Equipment Branch	Emergency
70469	June 1, 1976	1 E & J power wheelchair	1,440.45	Medical Supplies & Home Care Equipment Branch	Emergency
70176	May 25, 1976	1 E & J power wheelchair	1,468.35	Medical Supplies & Home Care Equipment Branch	Emergency
73276	July 27, 1976	30 E & J wheelchairs	6,112.85	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
73698	June 8, 1976	4 E & J lightweight wheelchairs	1,120.00	Selkirk Mental Health Centre	Purchasing Bureau

<u>INVOICE NO.</u>	<u>INVOICE DATE</u>	<u>ITEMS PURCHASED</u>	<u>AMOUNT</u>	<u>PURCHASED BY</u>	<u>TYPE OF PURCHASE ORDER</u>
74329	August 19, 1976	25 E & J wheelchairs	\$ 4,598.75	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
73548	August 3, 1976	1 E & J power wheelchair	1,440.45	Medical Supplies & Home Care Equipment Branch	Emergency
73545	August 3, 1976	1 E & J power wheelchair	1,471.05	Medical Supplies & Home Care Equipment Branch	Emergency
74978	Sept. 3, 1976	5 E & J wheelchairs	1,499.35	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
75084	Sept. 8, 1976	5 E & J wheelchairs	1,360.40	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
75824	Sept. 24, 1976	1 E & J power wheelchair	1,645.65	Medical Supplies & Home Care Equipment Branch	Emergency
75780	Sept. 23, 1976	1 E & J power wheelchair	1,605.60	Medical Supplies & Home Care Equipment Branch	Emergency
75992	Sept. 29, 1976	27 E & J wheelchairs	4,851.00	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
77382	Oct. 27, 1976	20 cases of catheters	1,152.00	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
76847	Oct. 19, 1976	various items for ostomy program	6,645.86	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
76804	Oct. 18, 1976	1 E & J power wheelchair	1,440.45	Medical Supplies & Home Care Equipment Branch	Emergency
77745	Nov. 2, 1976	5 E & J wheelchairs	1,088.30	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
78121	Nov. 12, 1976	5 E & J wheelchairs	1,623.60	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
76496	Dec. 10, 1976	67 E & J wheelchairs	12,013.00	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
79948	Dec. 21, 1976	5 E & J wheelchairs	1,815.00	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau

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<u>INVOICE NO.</u>	<u>INVOICE DATE</u>	<u>ITEMS PURCHASED</u>	<u>AMOUNT</u>	<u>PURCHASED BY</u>	<u>TYPE OF PURCHASE ORDER</u>
80623	Jan. 11, 1977	various items for ostomy program	\$ 1,207.39	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
80160	Dec. 23, 1976	1 E & J power wheelchair	1,440.45	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
80161	Dec. 23, 1976	1 E & J power wheelchair	1,440.45	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
80162	Dec. 23, 1976	1 E & J power wheelchair	1,440.45	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
81573	Jan. 31, 1977	various items for ostomy program	3,291.25	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
62205	Dec. 23, 1975	various items for ostomy program	1,742.75	Medical Supplies & Home Care Equipment Branch	Purchasing Bureau
DEPARTMENT OF AGRICULTURE					
70209	May 25, 1976	Cuvettes & stoppers	1,563.98	Agricultural Services Complex	Purchasing Bureau
			<u>\$ 86,150.12</u>		