



Second Session — Thirty-Second Legislature
of the
Legislative Assembly of Manitoba

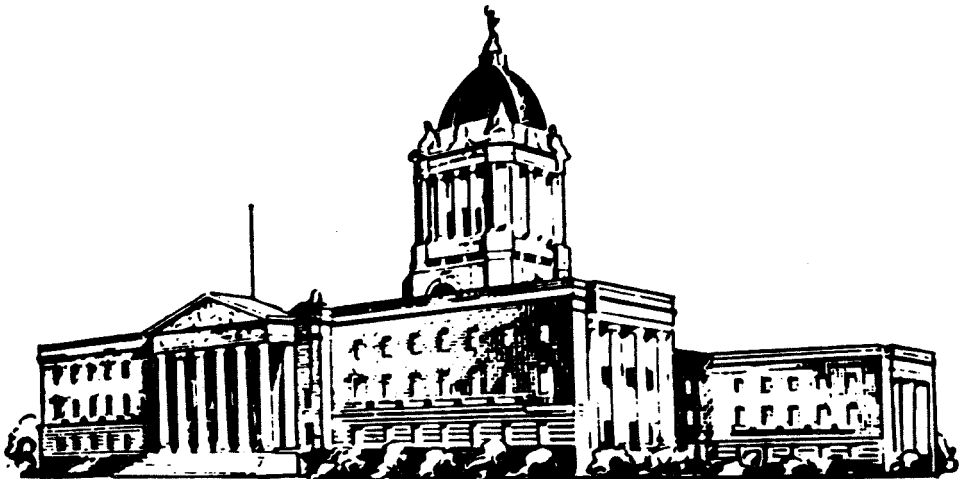
STANDING COMMITTEE

on

PUBLIC ACCOUNTS

31-32 Elizabeth II

Chairman
Mr. David Blake
Constituency of Minnedosa



MG-8048

VOL. XXXI No. 2 - 10:00 a.m., Thursday, 2 June, 1983.

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
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ANSTETT, Andy	Springfield	NDP
ASHTON, Steve	Thompson	NDP
BANMAN, Robert (Bob)	La Verendrye	PC
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LYON, Q.C., Hon. Sterling	Charleswood	PC
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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, 2 June, 1983

TIME — 10:00 a.m.

LOCATION — Room 255, Legislative Building, Winnipeg

CHAIRMAN — Mr. Dave Blake (Minnedosa)

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Ms. Hemphill, Hon. Mr. Schroeder and Hon. Mrs. Smith

Messrs. Blake, Eyler, Manness, Ransom, Scott and Santos

APPEARING: Mr. W. K. Ziprick, Provincial Auditor
Mr. C. Curtis, Deputy Minister of Finance

MATTERS UNDER DISCUSSION:

Public Accounts of the Province, and the Provincial Auditor's Report.

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MR. CHAIRMAN: We have the forum; we also now have a quorum. There has been a reply to one of the questions asked at our last meeting being circulated. I think you each have a copy for your information, so we will continue with the examination of the Report of the Provincial Auditor from where we left off. We were doing a general review of the report, and when all questions have been answered or satisfied, it was agreed that we would adopt the report. So we are now open for questions on the Report of the Provincial Auditor.

Mr. Schroeder.

HON. V. SCHROEDER: Mr. Chairman, just informally, I believe we were at about Page 18 or 19. I don't mind questions on any part of it.

MR. CHAIRMAN: Mr. Ransom.

MR. B. RANSOM: First of all, Mr. Chairman, I would like to apologize to the committee for being a little late this morning. Something came up at the last minute and I simply couldn't get away from it in time in order to be here sharp at 10 o'clock.

It's some time since we met the last time, so it presents certain difficulty in getting one's mind back into the frame in which we were working previously, but I believe we were dealing with the documents, the Budget and Expenditure Estimates, etc. The Provincial Auditor had said, with relation to the Departmental Expenditure Estimates on Page 21 of his report, he refers to Departmental Expenditure Estimates:

"These are internal documents submitted by the departments to the central management system. In my

last year's report, I indicated that the usefulness of these documents would be significantly increased if they included more refined particulars of quantitative input and output data and were made available to the Legislature, and the Minister of Finance was receptive to this suggestion." That's the end of the quotation from Mr. Ziprick.

I wonder if the Minister would like to comment on that, or if Mr. Ziprick would like to comment further upon it.

MR. CHAIRMAN: Mr. Ziprick.

MR. W. ZIPRICK: Mr. Chairman, there were two departments presented with more extensive information, and I understand that it was found to be useful. Now, the added information that was presented had a pretty good rundown on the inputs. There is just general information on outputs. That area, of course, is not easy to refine and I guess it will be refined in due course, but from our point of view and observations, we found that added information to be quite useful for analytical purposes and to determine the trends and directions of the Expenditures.

MR. B. RANSOM: Is Mr. Ziprick saying then that he would consider that the supplementary information is satisfactory replacement then for alternative to his recommendation that the Departmental Expenditure Estimates be made available to the Legislature?

MR. W. ZIPRICK: In fact, these summary books are departmental expenditures, the detail that's submitted by the department in a refined, condensed way, not in a complete detailed reproduction, but substantially that's a reproduction of what's in the departmental expenditures. As I just mentioned previously, there is still quite a bit more that can be done to provide various kinds of data that will assist in evaluating, but to the extent that this has been done, I think it's good progress, it's useful and from our point of view, it's useful. Now I can't, of course, speak for the members and how useful they found it, but I think it's a progress in a good direction.

I have noticed that Ottawa is presenting quite a bit of this kind of information. There was a write-up not too very long ago I saw in one of the newspapers, that it was considered to be a useful data. From an evaluative and audit point of view, it's useful. I can't, of course, speak of the use for the members in the Legislature, generally.

MR. B. RANSOM: I find the summary is very useful. The supplementary information is very useful. I believe in removing the necessity of asking some detailed information of a Minister during Estimates, it's possible to get down to discussing things of a little more substance. I would ask this question to the Minister

then I guess: Is there any reason why the departmental Expenditure Estimates could not be made available if they're requested? Is there anything in the departmental Expenditure Estimates that would cause the Minister to say that, no, that kind of information can't be made public?

MR. CHAIRMAN: Mr. Schroeder.

HON. V. SCHROEDER: Mr. Chairman, as the member knows, in the last two years we have been now providing considerably more supplementary information than had previously been the case, and beyond that it seems that it would make far more sense to have members ask specific questions if they're interested in some area, because the massive amounts of paper that would be involved, it seems to me just offhand, would preclude that kind of policy from being adopted. If a member asks a question on a specific area of expenditure he can get the information. But to pass out the hundreds and thousands of pages of extra information that I'm not sure would be of great assistance to the members, I would have to certainly consider that.

MR. B. RANSOM: Mr. Chairman, I would respect the Minister's position if he had presented some valid reason for not making them available, but to say that there's too much paper involved, I don't think is a valid reason. I didn't suggest that they should be made public as a general practice, that they should be distributed to every member. They are prepared for the Minister, of course, and if a member finds it necessary to ask detailed information, then I think it is almost invariable that a Minister himself has to either go to those books and look up the detail or to ask his staff about that sort of detailed information. Some of those sorts of questions might be - the necessity for them - might be removed if that information could be made available on request. Now if there is some reason about confidentiality of information that the Minister would be concerned about, then we would have to consider that. But I'm saying as a matter of principle, is there anything in a departmental Spending Estimates that can't be made available if it was requested?

HON. V. SCHROEDER: Well, I suppose in principle you could say that we could - I can't think of anything in principle that would prevent us from presenting those documents to the Legislature. The problem that I would see though is that - let's remember these documents are being prepared, for instance, for next year, right now. We expect some of the smaller departments to have them available to us by mid-August, the end of August and then they are reworked many times; that is, not necessarily those documents, but by the time we end up at Budget time or at the time when we present our Estimates of Expenditure for the next year to the Legislature, many things will have changed from what was presented. There will have been options presented, many of which will not have been accepted by the government. There will have been some changes made from the original proposals of the department to the time when we get into the government saying where it wishes to go in specific areas.

I would see that document coming forward in that original form as being something that would contribute

to far more unnecessary debate than it would shed light on any topic, because when we bring forward our Spending Estimates, they are the Spending Estimates of the government, they are items that can be debated and questioned by the Members of the Legislature.

The other alternative would be to somehow rework those books. That seems to be an awful lot of work to go through in order to just leave those spending items which survive the cutting process. I am not sure that there would be a great deal of benefit to members. So I think that the bottom line is that both - for three reasons: (1) I think that it's a flooding of MLAs with paper; (2) I think it's extremely costly; and (3) I think that a lot of the information provided is quite useless. I can't see us going with that kind of a proposal and I would suggest instead that if members have some suggestions for improving the supplementary information we are now providing, that is now for the first time in the last two years in the Department of Finance. They could tell us specifically where we could amplify on the information we are giving.

Last year, there was a criticism that I think was a valid one that the members were provided with the supplementary information, I believe, on the very day that we went into Department of Finance Estimates and they didn't have any chance to review that supplementary information. This year we did provide that information in advance so there was a little more time and it may be that we can give them more time. But in addition to that, if they have specific information that could be requested of us to be put into supplementary documents, we could certainly consider that.

MR. B. RANSOM: Mr. Chairman, I find that answer a bit unusual. Is the Minister saying that when individual Ministers go before the Legislature, they do not have an up-to-date set of documents called the Departmental Expenditure Estimates, which have pared away all the options that were considered, but only represent the detailed composition of the figures which appear in the tabled Spending Estimates?

HON. V. SCHROEDER: We don't have the document referred to here before us; what we have is a House Book. The House Book does break down the various expenditures involved in the various areas, certainly.

MR. B. RANSOM: The House Book has a lot of other answers in it. They anticipate questions that might be asked and the answers are put in it; I'm not speaking about that. I'm speaking about what the Provincial Auditor refers to as the Departmental Expenditure Estimates. Now is the Minister telling me that what the Auditor refers to in his report doesn't exist?

HON. V. SCHROEDER: There's a document that certainly exists, but it's a document that would have to be changed considerably in order to be fully up to date and accurate. The departmental people who are working at it at the time the Estimates are being presented to the House know the areas that have been changed and they don't have to bother getting a whole pile of reprinting done. If we were to simply present those documents to the opposition, it would just present

far more confusion than any kind of light, because they wouldn't know which areas had been changed and updated. So the point is, that in order to provide that information to the opposition, we would have to go through a massive amount of reprinting and changing items to bring them up to date.

MR. B. RANSOM: If that is the case then, it seems to me to be a good reason why they wouldn't release them, if they don't reflect what the government is actually doing. But I quite frankly find that a little unusual or a little hard to accept that those Departmental Spending Estimate documents are not updated to the point where they actually reflect what is in the tabled Spending Estimates. Is that what the Minister is telling me, that those documents are not updated, that at the time that the Minister tables the overall Spending Estimates in the House, he does not have a package of up-to-date departmental expenditure Estimates?

HON. V. SCHROEDER: The material is all in the documents. There's no question about that but in addition to that there is all the extraneous material which has been discarded during the review process. There may be a pencil stroke through one and another handwritten item on another portion of it. I don't think that is something that's unusual or has changed with this government. That is simply the way the process works.

MR. B. RANSOM: That may be, and I'm not saying that these were ever released before. I know they weren't. I guess the Minister that was being referred to here as being receptive to this suggestion was myself, but I would reject the Minister's arguments on the basis of the paper that's involved and the cost that's involved, because we are not talking about distributing large numbers. We are perhaps not even talking about distributing them for each department.

All I'm saying is that, in principle, if they were required for one or two departments, could they be made available? If they are not in the form that can be available then I can accept that argument, but for the Minister to make the argument that the information would be quite useless to the members, then that begs the question of why is the Minister gathering it. If it's quite useless for the members, is it not also quite useless then for the Ministers that are involved? I think that is a judgment that the members have to make, whether it's useless or not.

Far from leading to more detailed debate, I think it would limit the detailed request for information as the supplementary information has done. I think the Minister will find that where the supplementary document has been provided that there have been fewer questions asked about the detail and the debate has been able to centre primarily on the priorities and the general programs and the policies of government. I believe that was the intention of putting out that kind of document.

So I can't accept those arguments, but if the documents aren't available, then clearly the government can't be expected to release documents that had a number of positions that were rejected by them. But I do find it difficult to accept the argument that in this day of word processors and such, an up-to-date set of Estimates is not available.

MR. CHAIRMAN: Mr. Ziprick, do you want to comment?

MR. W. ZIPRICK: I would like to clarify the reference to the departmental Estimates. I agree that the detailed Estimates, there are changes and that, but the supplementary information that's, for instance, been supplied by the Department of Finance is basically that information stripping down all these extraneous items. So in effect, what we are saying is the supplementary information as presented for those departments basically represent the presentation of the departmental detailed Estimates after they have been refined.

Now as was suggested, as time goes along and other information is found to be valuable and questions are asked, this document can be amended. It could be developed to the point where it becomes very useful to determine the position of expenditures, the directions and all the other statistical data that helps to determine what is going on, then it is suggested that debate could then centre on policy and matters of more substance.

MR. CHAIRMAN: Mr. Schroeder.

HON. V. SCHROEDER: Yes, Mr. Chairman, I should also point out that last year at any rate we were not on Word Processing. It may be that in the future we will get onto that. I suppose because of the way that these documents have been treated in the past, there's been really no reason technologically to change, but that might be something that we will look at in the future.

MR. CHAIRMAN: Mr. Ransom.

MR. B. RANSOM: This is not a point that's worth pursuing any longer, Mr. Chairman, because I don't anticipate that it's the sort of thing that would arise, because I find the supplementary information to be very useful and I hope that the Minister and the government will be making it available for all departments in the next year. Could the Minister confirm whether or not that will be the case?

HON. V. SCHROEDER: I can't. I could certainly recommend to other departments that they get along with it. I think that it's been a good experience for the Department of Finance, but I don't know how many departments are . . . I understand there is three presently and hopefully we can get a few more onstream for next year.

MR. B. RANSOM: I would suggest that the Minister of Finance uses authority as Minister of Finance and Chairman of Treasury Board, to see that the departments do have them put out.

A couple of other questions then. Mr. Ziprick refers to the Annual Report on page 22. The quotation is, "However, it is recommended that more detailed departmental information be transferred from the Public Accounts to the departmental Annual Report and that the Annual Reports provide comparison of this data with the departmental detailed Estimates and with the previous years actual expenditure, together with appropriate and variance explanations."

In general, that seems like a good recommendation to me. I have generally found that departmental Annual

Reports tend to be simply P.R. documents, largely put out to make the department look good. You very seldom ever see any negative things reported in the Annual Reports. They largely portray the activities of the departments in a favourable light and that's the case. Whether the NDP are in government or whether the Conservatives are in government, it's been the nature of Annual Reports. But this recommendation would move them in the direction of giving more accountability.

Would the Minister comment on that recommendation or would Mr. Ziprick care to elaborate on it?

MR. CHAIRMAN: Mr. Ziprick.

MR. W. ZIPRICK: Mr. Chairman, since that report has been issued, there's been a directive from the Premier's office that the reports are to be more standardized and to be based on the accountability, based on the Estimates. So if this is followed through, basically it would follow the recommendations here because the reports now deal only with what has been done. If you don't compare it, what has been done with what was expected to be done and not done, then there's no way to judge and determine accountability. So on the basis of the directive that's come from the Premier's Office, and if this is followed through, then substantial progress will be made towards complying with this recommendation.

HON. V. SCHROEDER: I would agree with the member that the reports haven't, in the past, been something that members jump up and down waiting to read as soon as they get in. In fact, I think that it's fair to say that most members read very, very few annual department reports and maybe that has something to do with the quality of those reports. There are other methods of determining how departments and the government have come up to its original spending estimates, including of course the Auditor's Report at the end of the year and, hopefully, we can improve things.

MR. CHAIRMAN: Mr. Ransom.

MR. B. RANSOM: When will we see the first example then of a report that reflects the directive from the Premier's office? At the moment, I gather the only standardization is really the covers.

HON. V. SCHROEDER: If that's the case, then I take it we will have standard covers for next year. I would hope that they will also have more information. I wouldn't want to say who is going to be first.

MR. B. RANSOM: Is that a question then that we can expect to put to the Premier and have him tell us then when his directive will be responded to?

HON. V. SCHROEDER: I presume that his directive will be responded to by all of those departments who received it, and who is first in line is something that I'm not sure he would be able to respond to any better than I would.

MR. B. RANSOM: On Page 21, there's a quotation there in the bottom paragraph dealing with Public

Accounts. The quotation is, "On the other hand, the section dealing with departmental accountability consisting of in excess of a hundred pages annually in the Public Accounts, is ineffective." Could Mr. Ziprick elaborate on that and give us some elaboration of how the departmental accountability might be made more effective?

MR. W. ZIPRICK: Mr. Chairman, that gets into an extension of what we've been discussing before. All those pages in the Public Accounts just show the actual expenditures for the year without comparisons with the budget or even with previous year and, as a result, one cannot determine any variances, and so to get an accountability, on that basis, is very difficult. One would have to make specific comparisons and do an awful lot of arithmetic work before you can get into the position of analytically determining what the trends are and what directions they've been going and what variances were.

In the Public Accounts, the section, in a more summary basis, there's been significant progress in that there is a comparison now and there's an explanation for variances in expenditures, not between the budget, but comparison between the previous year. To carry that through the Public Accounts for all departments would be a very voluminous book and the information would still have to be provided by the departments. So this is where we considered it would be much better to have the departmental report reflect, as a backup below this summary that's already provided in the Public Accounts and the summary in the Public Accounts can be improved on; there's a suggestion or a recommendation being presented to improve on the coding and when that coding is improved you can get more comparisons and more explanations for variances which would be much more easy to determine the trends and determine what's going on, and this is the difficulty in the present accountability system.

MR. B. RANSOM: Is it fair to say that part of the reason that we don't have this kind of information in the documents now is that it, basically, isn't available; that by and large, departments don't have a means of effectively, quantitatively evaluating how well or how badly they have done in achieving their objectives?

MR. W. ZIPRICK: This observation would be true several years ago, but there's been significant progress. Now, internally, the departments are required to make comparisons with the Estimates and to supply that information on a quarterly basis. This is evaluated and when the Quarterly Reports are presented, the updating is based on how things are going, based on this kind of accountability, so there is substantial information and by and large the system is such that this is the way things are supposed to be managed.

Now, admittedly, there is still a lot of room for improvement and some of the variances that we look at certainly can be improved on. They maybe do not present the picture as well as they could but, on the whole, that area of control has improved immensely over the last number of years so, internally, there is a fair amount of that information now and the transfer of that to the Annual Report in a department, from

what I can see, would not be that difficult an undertaking and with the management policies that have been enunciated over the last number of years and managing by sort of the review and analysis of variances and exceptions and that, this kind of information is vital to be generated properly and it's being generated. There's room for improvement but, in my view, it's well on its way.

MR. CHAIRMAN: Are we moving on, or did Mr. Santos have a question?
Same one? Mr. Ransom.

MR. B. RANSOM: I know that the Department of Finance has, for years, been concerned about getting more accountability and more measures of how well objectives are being achieved. Can I ask Mr. Curtis or the Minister to comment on how they feel progress is being made in this area? Is progress satisfactory? Are we going to be able to see evidence of this in a public way, by means of documents of some sort, within the next year or so?

MR. CHAIRMAN: Mr. Curtis.

MR. C. CURTIS: Mr. Chairman, we're working towards the end objective of providing more material to government in which to assess the relative merits of programs and the results. So far, this material and these reviews have been undertaken basically by Treasury Board and our material has been produced towards that end, so that Treasury Board will be in a position to compare results with the objectives that were approved in the initial Estimates Review. It's a relatively slow process because it's a fairly involved process, but I think we're making good strides towards the program.

MR. CHAIRMAN: Mr. Santos.

MR. C. SANTOS: Thank you, Mr. Chairman. I heard Mr. Curtis talking about comparing results with objectives. Is this some kind of implementation of management by objective in the government?

MR. C. CURTIS: I would say our system is, to a large extent, developed around that basic theory of using objectives as one of the goals.

MR. CHAIRMAN: Mr. Santos.

MR. C. SANTOS: Because for a comparison to be meaningful, the objectives must be understood not only by the supervisorial, managerial group but, as well, the line officials who are trying to implement these objectives in terms of their program of activities; but without any common frame of reference between these two segments of the bureaucracy, there could be no meaningful understanding of what the objectives are. Unless those objectives are specified with particularity in the sense that they are computerized in any particular meaningful situation, it would be difficult indeed to find results that seem to accomplish the objectives set for it in the department. Is there a direction towards that kind of accountability.

MR. C. CURTIS: That's the area that we are trying to develop and expand on, and you have to keep in mind

that some departments are more difficult than others to set objectives for specifically, whereas some departments are relatively easy, but that is certainly in front of all department and program managers. The fact is that they have objectives and they have goals they are trying to meet, and they're also being encouraged to provide solutions or improvements to the programs so that objectives can be defined and met.

MR. C. SANTOS: In the very nature of things, objectives are set forth with generality, but then these objectives must be farther reduced into a more concrete program of activities and then much more specific tasks as they percolate down the level of the hierarchy. At this junction, at this level, there must be common understanding of what this objective means on the part of those people who are supervising, on the part of those implementing. To do that, there must be more or less a regularized pattern of interaction or seminars, or whatever you might want to call it, among all these people so that they may be working all together towards the common objective as commonly understood. Are there any such kinds of programs?

MR. CHAIRMAN: Mr. Ziprick, did you want to comment on that?

MR. W. ZIPRICK: I would like to comment in along the line as far as policy is concerned. In the last two years in my report, we have recited, and as far as the general policy of the government over the last number of years, has been enunciated to carry out the operations in this way. Now, as a plan, it's fairly easy to understand the objectives and to lay out the policy, but then the actual carrying out of this kind of policy is fairly complex and takes time and education.

So it's moving in that direction now. The objectives are being defined, but there are still a lot of problems in defining them to the point of this kind of understanding that Dr. Santos was talking about. You've got to start somewhere, and I think that there is good progress towards it. There is education, the policies that have been designed. So I am quite hopeful that it's on the right track. It will take time now; from my point of view, the sooner the better, but I can also appreciate the implementation of this kind of system takes quite some time to do.

MR. CHAIRMAN: Mr. Curtis had a thought on that.

MR. C. CURTIS: In respect to what Mr. Ziprick was saying, we have over the last several years been developing training programs and bringing in some experts to assist in the development of these programs in order that we can work within departments and train line staff in these objective and goal-setting programs. As Bill says, it's a slow process, because it takes a fair dedication of resources. We just can't afford to go as quickly as we might like because of the cost, but we are working towards that end.

MR. C. SANTOS: Mr. Chairman, that brings me to this Grant Accountability Section of the Provincial Auditor's Report on Page 23. It is stated here that there are

basically two categories of grants; those grants that are mandated in public statutes, in public entities and agencies, and also grants to organizations more or less providing specific services and undertaking of a sort of private nature but monitored by - I don't know if you call them private or quasi-public - but monitored by the government.

It is stated here, "Some of these entities like universities are audited by the office, while others like municipalities, schools and hospitals, for which grants amounted to about 35 percent of the province's expenditures, are audited by audit firms in accordance with similar audit requirements as those in my office." What do the words "similar audit requirements" mean? Does it mean the same standards are being applied?

MR. CHAIRMAN: Mr. Ziprick.

MR. W. ZIPRICK: Mr. Chairman, the legislation is basically the same. The legislation in The Municipal Act for audit requirements is essentially the same as the requirements in my Act. Now the legislation in The Schools Act is exactly the same as The Municipal Act, so that's the same. The legislation for the Health Services Commission and The Hospitals Act is quite general for audit, but gives the Health Services Commission broad powers to set regulations. As a matter of regulation, they have adopted the same standard as set out in the legislation.

When I was given the authority about four years ago or three years ago to get more closely involved in this area, and taking a look at the legislation and then taking a look at what the various municipal auditors were doing, we found that there were inconsistencies then and not a full understanding of this legislation. So we have worked with the auditors and we are still working with the auditors to develop an understanding that we all understand that this is what the legislation means, this is what the direction is, that these are the kinds of standards. This is what we are working towards.

So the basic plan, the requirement is that they be audited on the same standard. Now we are trying to establish a system of communication to ensure that this will be done.

MR. C. SANTOS: I just want to make sure whether or not the measuring standard is a fixed unit, or is like a rubber standard that you measure it and it lengthens and shortens sometimes in terms of accountability.

Now, with respect to these grants made to organizations providing specific services in the last paragraph on that page, says, "Our inspection and audit continue to identify a lack of direction as to the purpose of said grants, because it seems that the fault seems to be in the generality of the objectives to be realized. There is no meaningful goal set. Therefore, you cannot really find out whether the funds are being spent for the purpose for which it is granted." Is that the problem?

MR. W. ZIPRICK: Yes, that's the problem. We have been emphasizing for the past two years for the Orders-in-Council to be more specific and to lay out the objectives.

After taking a closer look at it, we're not sure that the Order-in-Council is really the place to get involved

in this kind of specifics, because the Order-in-Council, in fact, is a fixed legal document. Then if it imbedded something and you have to change it, you would have to maybe ask quite a few amending Orders-in-Council. So we are now working on the idea that the direction that's supplied by the department provides these kinds of goals and objectives and they'll be a closer measurement to these objectives. We hope now that this will be fairly successful because there has been, over a number of years, backup objectives and directions supplied and some of it is of pretty good quality. So working through that kind of direction, we feel it will be much better than trying to expect to get imbedded in an Order-in-Council, sufficient specific direction to be able to carry out the audit and determine that things have been done as required.

MR. CHAIRMAN: Mr. Santos.

MR. C. SANTOS: Mr. Chairman, this brings me again to my initial question to Mr. Curtis. If there is such a conscious rational program whereby objective will be clarified at this juncture, at this level in the governmental bureaucracy, there will be more easier tasks for the auditors to follow up all these activities in terms of audit, because there will be initially a very irrationalized system of implementing objectives which are clear to both those who are giving the orders and those who are receiving the orders. I rest my case.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Ransom.

MR. B. RANSOM: That section refers primarily to grants being made to organizations for providing specific services or undertakings for which departments are carrying out inspections and monitoring. What about the grants being made to other organizations? They may not be large amounts of money, I suppose they can range anywhere from a few thousand up to \$150,000 to \$200,000.00. What kind of accountability is there on those sorts of grants?

MR. W. ZIPRICK: The approach we're considering is that they basically fall into two categories. The one is where the whole organization is monitored and controlled. In other words they submit budgets, their budgets are reviewed and then they perform and operate in accordance with the budget. The other is, assistance is provided for a specific service and in that case this is the area that we were discussing just before, that there should be sufficient direction to indicate what service is expected for this particular money and then there is a monitoring to ensure that this is the kind of service that's been received for the dollars that has been agreed to. So that in those situations, there would not be a requirement for a budget review and a control over the whole management process, but only a direction towards the service that's being provided to ensure that for X number of dollars this kind of service is being expected and that's the kind of service that would be obtained.

MR. B. RANSOM: I would like to ask specifically then, about the Manitoba Metis Federation. The Manitoba

Metis Federation, during the election in 1981, under the direction of Mr. Morrisseau, who is now Assistant Deputy Minister in Northern Affairs, publicly committed the Manitoba Metis Federation to the support of the New Democratic Party.

Now the government continues to make grants to that federation. What kind of accountability is provided to the Members of the Legislature to know how those funds are expended?

MR. W. ZIPRICK: The Metis Federation grant, as I recollect it, was for a specific purpose. They get money from Canada; they get money from all other sources. The grant that the province was making was for a specific purpose to carry out a specific objective. The department followed it up to see that this objective that the money was being directed for was being accomplished and we carried out one year, quite an extensive audit in that area. Now, undoubtedly we ran into quite a number of problems in bookkeeping at that time, but they did undertake to correct the situation and they did eventually provide explanations, as I recollect, that the money that the province provided was spent for that particular purpose.

I understand the federal people had some difficulty, but we were able to identify the province's money being spent for the purpose that was required.

MR. B. RANSOM: Is not some of that funding of those grants now called Core funding?

MR. W. ZIPRICK: Just going on recollection, there is something like that but I am not sufficiently familiar at this point in time that I would want to get into this kind of a detailed review, but we could certainly follow it up.

MR. B. RANSOM: Let me ask the Minister of Finance then, if he knows whether there are funds being granted to the Manitoba Metis Federation that are designated as Core funding, and if he can confirm that those funds would be for the general operation of the Federation?

MR. CHAIRMAN: Mr. Schroeder.

HON. V. SCHROEDER: That is something that we can get back to the member on in respect to the specific information. That's not something before the committee at this time.

MR. B. RANSOM: Mr. Chairman, I think it is something for the committee at this time. I believe that grants are being made to the Manitoba Metis Federation for Core funding, among other purposes, of delivering housing programs and such, but because grants are being made for Core funding which is for the general operation of an organization which was publicly committed to the support of a political party, causes me some concern and I think it should cause some concern to this committee. How will we know that those funds, that those tax dollars are not being spent to pursue partisan political purposes of that Federation?

HON. V. SCHROEDER: Mr. Chairman, we have before us the 1981-82 report and I think that's what we should

be dealing with. If the member has something specific, he could deal with it in the department when any funding is provided to Manitoba Metis Federation. Certainly in terms of grants, as he knows, the Department of Finance isn't a department that makes an awful lot of grants. I've been fortunate to be Minister of another department and I am aware of the procedures that we went through there; it was strict. In the Department of Labour, for instance, Age and Opportunity group got some funding for employment services for older Manitobans and before any funding was provided, we went over detailed expenditure lists etc. and I am sure that similar provisions apply with the Manitoba Metis Federation.

MR. W. ZIPRICK: As a matter of audit policy and approach, we would be checking on this and if we found that the objectives were not set out or were the kind that didn't fit into what the money was voted for, we would certainly be reporting on it. There is a control but it's after the fact. We'll be taking a look at the '83 Expenditures, I presume, and the '82 Expenditures. Whatever we did find was of a kind that could be accounted for, for whatever purposes that the money was voted for and was granted to this organization.

MR. CHAIRMAN: Mr. Schroeder, do you want to comment?

HON. V. SCHROEDER: Mr. Chairman, I should say that in 1981-82, there was money provided to the MMF. There was one grant to a group at Manigotagan in the amount of \$6,738.49; and another amount in Thompson of \$206,693.00. The precise information on that, I don't have here with me.

MR. CHAIRMAN: Mr. Ransom.

MR. B. RANSOM: I assume that when the committee meets next year to consider the Auditor's Report and the Public Accounts that we will be able to ask questions about how the Core Area Funding grants to the Manitoba Metis Federation have been spent, and the Auditor will be able to tell us if they have been expended for the purposes for which they were intended.

MR. CHAIRMAN: Mr. Ziprick.

MR. W. ZIPRICK: Mr. Chairman, if there was any evidence that they were not spent for the purposes they were voted, I would be obliged to make a report on it specifically to the Legislature.

MR. B. RANSOM: The Quarterly Reports, Mr. Chairman, does the Minister or the department contemplate making any changes or improvements in the Quarterly Reports?

MR. CHAIRMAN: Mr. Schroeder.

HON. V. SCHROEDER: Mr. Chairman, I think there is one item that we are considering adding on to show the lapse factor, I believe, after about six months into a year. I don't think there would be much purpose to do it - well the first Quarterly Report basically doesn't give you any Estimates of where we're going anyway,

because it's somewhat premature - but I think that's one area where we might be responding to the requests made by the member. If there are any other suggestions, we would be glad to look at them.

MR. B. RANSOM: I don't believe that it is immediately evident from looking at the Quarterly Report, say, for the quarter ending in December, just where the planned expenditure reductions or increases, or revenue reductions or increases, will fall as they relate to that last page which gives a revised projection of the deficit.

Is it possible in half-a-page or a page, to make a few more meaningful pieces of information or comments available there by way of explaining a revision in the deficit?

HON. V. SCHROEDER: Is the member referring to why it is that we're showing about \$35 million greater expenditure than had been projected?

On Page 1, I believe we do deal with some of the areas, the major expenditure increases. It doesn't give the numbers. If the member is saying he would like numbers, that's certainly something we could consider.

I suppose it's not together, but on Page 1 we indicate where our expenditures went up, and I believe as well there is somewhere where we indicate - yes - where our revenues went down, maybe not specifically enough, but it might be that we could come up with some more specific information showing exactly where the variances occur.

MR. B. RANSOM: The detailed information that's provided in the report is based on what was expected to flow during the period of time up to that point. Because one area is lower than planned, it doesn't necessarily mean it's going to be lower than planned by the end of the year. I think that when the press releases are put out, for instance, that there may even be some additional information in the press releases that perhaps, in a very brief way, could be an expansion of what's in the Page 1 on the year-end projection and, of course, the lapse factor which we have spoken of before. I think those two things would make the document somewhat more useful than it is at present.

HON. V. SCHROEDER: Mr. Chairman, I think we can look at providing more detail without adding too many more tables or anything like that, but I could see where we could show something or add something, indicating that these are the areas where the major amounts of the variances have come from, and this is how we arrive at what we predict for the end of the year.

Just for instance - and the member is right - on our Third Quarter Report, we indicated that the actual deficit up to the end of the Third Quarter was \$22 million less than we had originally planned, but that didn't mean that was good news because we already knew that we were heading toward a worse year-end. So that's a very meaningless number for the year.

MR. B. RANSOM: On Page 24 of Mr. Ziprick's Report, there is a quotation concerning the Information Management Division of the Department of Finance. In the quote, the mandate of the Division was as follows, and the quotation is: "To provide a planning framework

which would, through policy and procedure, define minimum central concerns necessary to allow the communication and integration of information across the government while stimulating and supporting the planning process necessary to address Information Management issues in a decentralized manner, in accordance with the needs of individual organizations of the government."

I would like to ask the Minister of Finance what that means.

HON. V. SCHROEDER: Mr. Chairman, I have to say that when it comes to that particular branch, I find it very often uses some fairly bureaucratic language to talk about what it is that they're really doing. What they're doing is attempting to make some sense of communications within government, to make some sense of the information that flows all over the place to make sure that it gets to the people within the system.

This is not something for the outside, for the public as a primary objective. The primary objective is to have government getting to know a little more about what it is doing from department to department. You know, every morning everybody's mailbox seems to be jammed with all kinds of information, a lot of it useless to the recipients or to a lot of the recipients in the form in which it is received, and there's an attempt here to rationalize the flow of information, to do it on a basis that isn't expensive. In fact, the group looks at ways of doing things more efficiently with less costs involved.

They work very closely with Manitoba Data Services Corporation to make sure that the information systems that the various agencies, departments and Crown corporations are wanting to set up, or wanting to improve or update, are systems that will be compatible with other purposes of the government and will allow those people to communicate with other parts of the government without any major problems.

They do things like - just for instance - within the last few days there was a joint venture, you might say, between them and Manitoba Data Services where they are getting some computer software which will allow us to bring messages back and forth between government departments electronically, rather than having people running back and forth with documents all over the city, that we can just pick them off our machinery and that sort of thing. So there are those kinds of efficiencies in communications and in integration of information.

MR. CHAIRMAN: Did you want to comment, Mr. Ziprick?

MR. W. ZIPRICK: I could briefly state - and we've been concerned about this for a number of years - the management policy and style has been developed and stated as government policy. Now for managers to manage on that basis, they require information that's vital towards accomplishing those objectives.

As the Minister said, they were swamped with information but it didn't necessarily meet the needs for effective management, so the idea is to work with the departments, to make sure that they're getting that kind of information they need to effectively manage, that the information is there on time, so that they can make the decisions.

Then the second cycle is the accountability, that the departments having made a commitment to carry a certain thing out, that there will be a flow of information back to the central system to indicate that there's accountability and by obtaining that kind of accountability, hopefully avoid getting involved in some of the things that have been going on, where the central system has been hit by surprises and immediately, as a remedy, there is an imposition of controls that managers could not undertake certain things unless it was pre-approved, you get into a double management system, a bunch of bureaucracy and red tape that just stifles good management. So the idea is what we're looking for, and we understand the objectives, to ensure that there's this kind of information for effective management and effective accountability.

MR. CHAIRMAN: Mr. Ransom.

MR. B. RANSOM: Well, the thrust sounds good, Mr. Chairman. I just thought for a minute that they'd hired Eugene Whelan to do some writing for them.

On Page 40, Mr. Ziprick expresses some concerns about the Manitoba Telephone System, at the bottom of page 40. Has that concern been cleared up?

MR. W. ZIPRICK: No it has not been cleared up as yet, but I understand that amendments are going to be put forward to get the proper direction so that it's not only technically legal but whatever is being done, is clearly the direction of the Legislature and the government.

MR. B. RANSOM: Back on page 34, there had been some concerns raised two years ago by the now Minister of Energy and Mines concerning the proprietary personal care homes not being properly audited or not providing adequate information in the assessment of the now Minister of Energy and Mines.

On review, was that something that was found to be a serious problem, that it affected the level of care or affected the government's ability to assess the level of care? Has this problem been resolved?

MR. W. ZIPRICK: The difficulty still continues in that the first line of control, and that is the service, that's always been there. The second line of control to ensure that there's no exorbitant overcharges for the service, this is the second line of control. It's still not fully resolved.

The direction that was issued in the first instance, to get audited financial statements, but representations were made, like they've been made before, and the Minister met with the group and I understand that after discussing it with the group, and their problems, he acceded to their concerns and they are now devising a financial reporting system that will be audited and provided, but will exclude their various other businesses.

The problem of supplying financial statements always was that quite a number of these people have other businesses and they have consolidated financial statements and if they supplied those audited financial statements, they would be disclosing information to competitors and others in other areas, that they just felt it was not appropriate. So I understand that there's

a system being worked whereby they will supply the necessary information to indicate the financial accountability for this section which will be audited but there will be no need to supply the overall audited financial statements of the entity. That's my latest understanding where it stands.

MR. CHAIRMAN: Mr. Schroeder.

HON. V. SCHROEDER: Yes, as I understand it, they are being asked to provide certain types of information regarding the operation of the proprietor of personal care homes and that information would be attested to by an external auditor of that operation; and if that is satisfactory then - I don't know whether that's been resolved yet - but once it has been resolved, as I understand it, we would then be required to bring in legislation changing what there is now to authorize that as the way to deal with the problem.

MR. CHAIRMAN: Mr. Santos. are you on this topic?

MR. C. SANTOS: Thank you, Mr. Chairman. If it is the case that the financial statement that's required presently by the Manitoba regulation under The Health Services Insurance Act is an audited type of financial statement, not an unaudited type, how come they are not complying with those regulations? And if they are not, is there anything in the regulations that could enforce it?

MR. CHAIRMAN: Mr. Ziprick.

MR. W. ZIPRICK: We've been reporting over a number of years and they have not been complying with this regulation. There are no penalties and the governments have not seen fit to enforce it. They just continuously indicated that it was not a practical regulation, that for them to comply would create all these problems that I've previously recited, of disclosing their private operation.

As far as the accountability side, the amount that's paid for daily service, there is other areas, the non-private organizations, we can get a pretty good cost reading on that, and using that cost plus the quality of service, generally the accountability for paying for the service is within reason, but there's this overriding control to ensure that, one way or another, it didn't get out of hand and they were charging in excess of a good return. The secondary control was not in effect, is still not in effect, and the method that we've just described is being proposed to get around it.

MR. C. SANTOS: Thank you, Mr. Chairman. When I was in high school when we were studying animal life, I remember there is a classification called "toothless mammal." Apparently a regulation that has no important provision will be in that category. What is the difficulty of segregating the activities related to the personal care home with respect to the other business or other commercial activities of the operator?

MR. W. ZIPRICK: It does present some problems. In other words, you segregate a function and then you have a certain amount of common costs and how you

allocate those common costs could be somewhat subjective. For instance, if management runs the whole thing, how much should management's time and cost be allocated. It's not that difficult to arrive at, but to get it worked up in a way that an auditor can certify to it, it could be quite a problem. In other words, you may have to do a lot of refining in your overall accounting structure which brings in additional red tape and could increase the cost quite significantly.

MR. C. SANTOS: Mr. Chairman, maybe for the benefit of those members of the public in Manitoba who are reading these records, the Provincial Auditor can elaborate on the distinction between an audited financial statement as distinguished from a non-audited one.

MR. W. ZIPRICK: A non-audited financial statement is a financial statement presented by management; it's strictly representation of management. An audited financial statement is a statement that's been reviewed by a professional auditor. It's met the various criteria and he can certify to it that it presents the position fairly.

MR. C. SANTOS: In other words, only in an audited financial statement, where the auditor or the accountant stakes his own professional responsibility by signing that paper, can we rest assured that the statement is really in accordance with what actually happened, because if any management group presents and non-audited statement, it could be self-serving in the sense that it is prepared by those who had a vested interest in the running of the operation. It is only on a audited statement that the public can rest assured that the funds, the taxpayers' money, is being spent appropriately.

MR. W. ZIPRICK: That observation I agree with, that management presents a statement and it could be, but on the other hand that they could have a bias that could be brought in there and the audit would take out the bias.

MR. C. SANTOS: Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Ransom.

MR. B. RANSOM: On Page 16 of the Budget presented by the Minister in February, it refers to some Capital changes, changes in the presentation of Capital figures which were made, according to his Budget, in consultation with and with the agreement of the Provincial Auditor.

I would like to ask Mr. Ziprick if, indeed, those changes were made in consultation with him and with his agreement.

MR. W. ZIPRICK: The changes were discussed with me. I agreed that repayment of debt, for instance, for the hospitals through the Health Services Commission certainly fell into the category of contributing towards Capital expenditures in the schools and after that discussion, the Finance Department proceeded to prepare the Budget. We did not participate in the detailed preparation and as far as the figures, I only saw them after the Budget was presented.

MR. B. RANSOM: Does Mr. Ziprick agree with the presentation of Capital Items, for instance, shown on Page 2 of the Estimates book which is a Summary of Expenditures Related to Capital Assets? Is Mr. Ziprick satisfied that the figures shown on this page are indeed appropriate to be included as Capital Assets?

MR. W. ZIPRICK: I don't have the Budget before me, but we did review it quite extensively and I, as a matter of fact, when the Budget was presented, over the weekend at home, I looked through it and it immediately became apparent to me that the Highways Department was inappropriate. I came back on Monday and we started discussing that situation and it just inadvertently got into the figures. It was generally agreed that it was inappropriate. The Department of Finance has gone through all the information and accumulated data. We've reviewed it and we're just in the process of preparing a prospectus and for the prospectus, that Capital has been restated in the Budget and then '83 Budget has also been restated and the actual for 1982, '81 and '80, which are required to be included in the prospectus have also been restated. The items that were shown in the Public Accounts have been restated to be consistent with this definition. This present definition I have participated with and I fully agree and we've checked the figures and we stand behind the figures.

MR. B. RANSOM: What was in the present definition then? I'll ask that first of all.

MR. W. ZIPRICK: Basically, of course, all the maintenance was removed and the expenditure for repayment of debt like Health Services Commission and schools have been added to '83, '82, '81 and '80. So as a result the '84 has gone down and the others have basically gone up somewhat, because the payments with regard to a debt repayment on schools and hospitals came more than the amounts that were removed from the Public Accounts that were included inadvertently for maintenance.

MR. B. RANSOM: There was a figure included - well, there used to be two figures, one which was presented in the spending Estimates which was called the Acquisition/Construction of Physical Assets. Then there were figures in the Public Accounts which were higher. Is the definition that was being used for Acquisition/Construction of Physical Assets, essentially the definition that's being used for Capital Items now with the exception of some of those financing costs?

MR. W. ZIPRICK: That's correct. There are some other minor refinements, but the major change is the additions under the Health Services Commission and grants to schools and grants to the City of Winnipeg for Capital purposes. Those are the major ones. They will be also found in some other departments, some of a similar nature, but they didn't amount to very much.

MR. CHAIRMAN: Mr. Ransom.

MR. B. RANSOM: In his March 15th letter to you, Mr. Ziprick, Mr. Schroeder says, and I quote, "I understand

that at the same time as the former government implemented those accounting changes, it commenced the inclusion of maintenance expenditures in capital spending." Did you find any evidence that the previous government had included Maintenance Expenditures in their Capital Spending Estimates?

MR. W. ZIPRICK: No, the Maintenance Expenditures were not included in the Capital Spending Estimates. The only place they were included is in the Capital schedule in the Public Accounts.

MR. B. RANSOM: In the Estimates book for this year, I would ask Mr. Curtis then, on Page 2 of the Estimates book, there is an item for Highways and Transportation, for instance, 153,328,400, in a summary of Expenditures Related to Capital Assets. Are the maintenance costs included within that figure, within that 153 million?

MR. CHAIRMAN: Mr. Curtis.

MR. C. CURTIS: I believe they are. I would have to just check the detail, but I believe they are.

MR. B. RANSOM: Can we assume that those kinds of expenditures then will not be included next year in items listing Capital Assets, is a question to the Minister. Since it is evident that the changes that he has made in his presentation have now resulted in Maintenance Expenditures being included and listed in Capital spending, is that practice going to continue, or will it be changed next year?

MR. CHAIRMAN: Mr. Schroeder.

HON. V. SCHROEDER: Mr. Chairman, we have gone through an exercise now that will be continued for next year, but I do want to see whether I can get the Auditor to clarify an answer he made to the member. He quoted from my letter, and I would ask the Auditor whether it is not a fact that the previous government included Maintenance Expenditures in its report; that is, in its Public Accounts Reports from 1979 on as to its Capital spending, and included maintenance items in its reports as being not maintenance, but Capital.

MR. CHAIRMAN: Mr. Ziprick.

MR. W. ZIPRICK: In the schedule included in the Public Accounts headed Acquisition/Capital Assets or a heading somewhat similar, these items were included in that particular statement.

HON. V. SCHROEDER: Is it not also a fact that before 1979, all governments had shown those kinds of Current Expenditures as precisely that, Current Expenditures both in their original Spending Estimates and in their Public Accounts Reports?

MR. W. ZIPRICK: The prior system was significantly different. Basically, the Highways Department Revenue Expenditures, which were then broken down between Revenue and Capital - there were the two divisions - the Highways Department Revenue and Expenditures not only included maintenance, but they also included

some Capital items to the extent that the money was going to be used, or the Capital Expenditures were going to be paid from Revenue.

HON. V. SCHROEDER: Mr. Chairman, I would like to just clarify some of what has been going on here. I have never suggested, and when I made that statement in the Budget, I never suggested or thought I was suggesting that Mr. Ziprick was approving of some changes in accounting with respect to Highways.

The department was using the numbers that had been used since 1979 in Public Accounts, and there is no question that those numbers should not have been used then. I should not have used them the year before, and I shouldn't have used them this year. But in clarifying what we were doing to make sure that people saw what was Capital and what was Current when the department went through these items, they were shown as being Capital, and they were shown as being Capital on both occasions.

For that, I think that it's pretty clear that they should not have done that; but neither should the previous government have shown them as being Capital when they did their Public Accounts Reports from 1979 on. It seems to me that the matter, hopefully, has now been solved. We've managed to get a number of items moved from Capital to Current, a number of items moved from Current to Capital, and we feel that we now will have a better and more fair and accurate display of those different numbers.

MR. B. RANSOM: Mr. Chairman, I want to clarify what has happened and what the Auditor has said has happened. I'll quote from the letter that Mr. Ziprick sent to the Minister of Finance on March 21st, and I quote, "In 1979, The Financial Administration Act was amended to remove the requirement for the division of the Consolidated Fund. However, as a matter of accounting policy, the Department of Finance divided the Consolidated Fund into an Operating Fund and a Trust Fund. For the fiscal years ended March 31, 1979, to March 31, 1982, the treatment in the Public Accounts was in accordance with the forementioned policy, with the Highways Maintenance and the Highways Construction Expenditures being processed through the Operating Fund. Particulars of Expenditures are set out in the attached Schedule, Section B."

He then goes on to say that it was in a subsidiary statement which was included in the Public Accounts entitled "Acquisition and Construction of Physical Assets," where Highways Maintenance Expenditures were included and Mr. Ziprick here uses the term "error." He said, for instance, and I quote, "Unfortunately, the audit process did not detect this error. Steps have now been taken to minimize the possibility of errors in the subsidiary statements in the Public Accounts being made and undetected in the future."

The truth of the matter is that the previous government never portrayed in their Capital Expenditures maintenance items. They did not put that forward as being a Capital Expenditure. It was only as a subsidiary statement in the Public Accounts, and which Mr. Ziprick describes as an error in not detecting, at least, that it was handled in that way.

Now I would like to ask again the Minister of Finance: In his presentation of Capital next year, is he still going to include Highways Maintenance?

HON. V. SCHROEDER: Mr. Chairman, that really is a misreading of what has happened. If the member is now suggesting that it was due to an error of the Auditor that the previous government put Highway Maintenance into Capital, I really think that is wrong and he should read the whole portion of the letter. Okay? What he forgot to read was the following quote.

"For the fiscal years ended March 31, 1979, to March 31, 1982, the main financial statements in the Public Accounts did not break down Expenditures between Capital and Other." Okay? The only place you could get that number was from the subsidiary statement in that document. Therefore, when the previous government was talking about its breakdown between Current and Capital, and when the previous member was Minister of Finance and occasionally referred to a breakdown between Current and Capital, he was certainly . . .

MR. B. RANSOM: I did not.

HON. V. SCHROEDER: . . . and other Ministers, if he didn't. Certainly, Mr. Craik did, and I believe he did. We can check that. But certainly when there were references with respect to breakdown between Current and Capital, the only breakdown the government had was one which showed that Maintenance was part of Capital. For him to just refer to it as some kind of a subsidiary document, that somehow the Auditor was at fault for is incredible; it was his government that was at fault for putting it into the Public Accounts of this province, in the financial statements, the only document that showed the full amount of Capital Expenditures, the only place that anyone would go to determine how much you had, in terms of Public Capital Expenditures. That's where anybody who wants to find out how much in Capital Expenditures the province used, that's where they would go and that's where the previous government showed Maintenance as being part of Capital.

Now I have said twice this morning and I've said a number of times in the House that this government, once we had discovered the error of the previous government, have no intention of continuing on with that practice; we think it is wrong.

MR. B. RANSOM: Mr. Chairman, the Minister should simply refer to Mr. Ziprick's letter, where he said, "Unfortunately, the audit process did not detect this error." I'm not accusing the Provincial Auditor of having missed anything; I'm quoting from the Provincial Auditor's letter and I assume that the Minister of Finance could read that for himself.

I'd like to ask the Minister of Finance then, when he discovered this error in the presentation that our government allegedly had made in the presentation of Capital Items? When did the Minister of Finance discover that?

HON. V. SCHROEDER: Mr. Chairman, I discovered that error when it was brought to my attention and to the

attention of the government by the Auditor, but let us make it very clear that the Public Accounts of this province are not presented by the Auditor, they are presented by the Minister of Finance. Now, I have certainly taken the responsibility for having been wrong in the way the Budget was presented for the year. I can assure the member though that next year, when I present Public Accounts, that change will have been made from '80-81 and '81-82 dealing with Highway Maintenance, but it is the Minister of Finance who, under The Financial Administration Act, is responsible for the form and content of the Public Accounts. That responsibility is not assigned to the Provincial Auditor.

The Member for Turtle Mountain has tried to say somehow that it was an error in auditing process, that it wasn't a fault of the previous government. I'm not saying that the previous government deliberately did it; I am saying the previous government did it and it wasn't the fault of the Auditor. The Auditor admits that there was a mistake in the auditing process which didn't catch it, but the original mistake was not made by the Auditor; it was made, very clearly, by the Minister of Finance in the Conservative Government back in 1979. I refer the member to Section 9 of The Financial Administration Act, "The Minister shall prepare accounts to be known as Public Accounts in respect of each fiscal year, showing the state of the Public Debt, the state of the Consolidated Fund and such other accounts and matters as are required to show what the liabilities and assets of the government are at the end of the fiscal year in respect of which the Public Accounts are prepared."

From there, the Provincial Auditor takes things and audits the documents and, as indicated, missed the error of the previous government, but there is no way that the member can say that it was something that his government had nothing to do with. His government very clearly showed Highways Maintenance as being part of Capital in the only document that people would look at to determine what is going on, in terms of Capital Acquisition in this province, and for him to suggest that it was somebody else is just simply unfair.

MR. B. RANSOM: Mr. Chairman, I wish the Minister of Finance would not put words in my mouth. I'm not suggesting that someone else was responsible for it.

I have a question for the Minister then, if he says the Auditor brought this to his attention, how was the Minister able to say on Page 16 of his Budget, that the changes in his presentation of Capital, and I quote, ". . . were made in consultation with and with the agreement of the Provincial Auditor."

HON. V. SCHROEDER: Mr. Chairman, the member then, I would hope, will finally admit that it was his government's fault that this item was in Capital. This item was in Capital from 1979 to '82 to '83 and there was no consultation with the Provincial Auditor with respect to Maintenance of Highways before I made that statement on February 24 of 1983. We didn't move it from Capital to Current or from Current to Capital and therefore it wasn't part of the package that had been moved in either direction and therefore that statement was absolutely accurate. But what had happened was that, because we made information more clear, more

readily available, it became very obvious that there was a mistake and it was something that I hadn't noticed; I have certainly admitted that. But for the member to suggest that somehow I was misleading the House in any way, or forgetting what had happened or something like that because I was saying that the changes had been made with the approval of the Auditor, is simply incorrect.

That dollar figure had always been, since 1979, in the Public Accounts, in Capital. In the Budget that I presented it was still in Capital and therefore it wasn't part of the changes.

MR. B. RANSOM: Mr. Chairman, in the Spending Estimates that were presented by our government, Capital Item was never identified in total, as such. At the end of each department there was a listing of Acquisition/ Construction; Acquisition and Construction items which were legitimately Capital Items. That was the only presentation that there was. It wasn't until this Minister came along that he tried again, in the presentation of the Estimates, to separate Capital and Operating money and this is the first year that we have had Estimates now where those items are drawn out. It wasn't done before at all.

I'd like to ask the Minister of Finance then, how he finds an additional \$55 million in Capital when the items listed in '82-83 on Acquisition/ Construction totaled approximately \$174 million, but in the summary shown on Page 2 of this year's Estimates, it lists \$306 million. How did the Minister identify, without changing the definition of Capital, how did he identify that additional \$55 million?

HON. V. SCHROEDER: Mr. Chairman, my department went through the numbers to determine what was legitimately Capital and what was legitimately Current and some items went in one direction, other items went in the other direction. As I understand it, there was consultation with the Auditor's Office on that and there were final numbers prepared by my department based on the original examination by them and based on their discussions and consultations with the Auditor's Office. I'm sure that the precise numbers aren't very hard to find but I would again . . .

Mr. Chairman, if the member wants to persist, every time he starts talking, in taking a shot, in terms of Acquisition/Construction, I don't know what the definition of Acquisition/Construction is. Certainly we know what the definition of Capital Acquisition is; that's what we were dealing with. When he talks about Acquisition/Construction, that is something that is not referred to as an item under Capital Acquisition which may be an entirely different item, as far as I know. What I do know is that he was notified, when he was in the process of taking over as Minister of Finance, of the little problem with respect to Acquisition/Construction. He was notified by Mr. Orchard, and he's seen a copy of the memo that he sent back. The second paragraph of it is: "It should also be noted that since the appropriation heading will now include "And Related Maintenance," the contents of that appropriation are fairly displayed and should not have in my opinion a significant effect on the defense of the 1981-82 Estimates of the Department of Highways and Transportation in the House."

If he thinks that related maintenance is okay, well, then I don't know what he's arguing with trying to shift it when we have already said, we're going to shift it to Capital.

MR. CHAIRMAN: Mr. Ransom.

MR. B. RANSOM: Mr. Chairman, if the Minister doesn't know what the definition of Acquisition and Construction of Physical Assets is, then how does he make comparisons with that item, because that's what it was listed in Public Accounts as?

HON. V. SCHROEDER: Mr. Chairman, in Public Accounts, as I understand it, what we're dealing with is the definition of Acquisition of Capital Assets. That is the area where items that have - what is it? - more than two years' use to the province are listed under the requirements, and what is traditional in this province for Ministers of Finance to do.

If they use a different definition somewhere else, which is very obviously the case up until this year, then there must be a different definition of Acquisition/Construction. Because if, in one case, the member calls Acquisition and Construction everything that doesn't include maintenance, and in another case where he lists the Capital Spending of the province, he shows maintenance as part of the Capital Spending, then there must be different definitions. I don't want to make his definitions for him, but the official definition is: "A separate category of Expenditure has been established to record property acquired for use by the government, both real and chattels which normally have an economic life in excess of one year." - not two years - "This category also includes expenditures and grants to municipalities, school divisions, external agencies, etc., which are known to be for the purpose of acquiring physical assets. Included as well are those projects which entail major construction or reconstruction, the result of which will significantly prolong the expected economic life of the asset."

MR. B. RANSOM: Under that definition then, Mr. Chairman, what would the figure be on Page 2 of the Estimates of Expenditure for items related to Capital Assets? The figure, as shown, is 316, which the Minister acknowledges would be incorrect. Has his department worked out a figure then that would meet that definition?

HON. V. SCHROEDER: Mr. Chairman, I don't have the exact number, but I believe it's somewhere in the vicinity of 290 million.

MR. CHAIRMAN: Mr. Ziprick.

MR. W. ZIPRICK: 1983-84 is now 284.6 million; the 1982-83 is 258.0 million. Then the other three, for 1981-82 is 228.1; for 1980-81 is 203.3; and for 1979-80, it's 196.6. Those are the restated figures.

MR. B. RANSOM: Is that according to the definition that Mr. Schroeder just read?

MR. W. ZIPRICK: That's in accordance with the broader definition that takes into account the payments on

account of repayment of Capital debt of Hospital Commission, schools and assist in Capital Expenditures of the city.

MR. B. RANSOM: So that's a different definition again?

MR. W. ZIPRICK: This is now the definition that has been established to cover what was previously plus these other items. As far as the Highway Maintenance Expenditures, they never did fall into that definition.

However they got in there, I don't know, but as far as the audit process, I have observed it myself in 1979. I asked for a correction; it was not corrected. Unfortunately, I didn't follow up my own observations. I'm sorry.

MR. CHAIRMAN: Mr. Schroeder.

HON. V. SCHROEDER: Mr. Chairman, I just want to say that I am not aware of any changes in definitions. As I understand it, it's just changes in classifications, because the definition has been put to a number of expenditures and it has been determined that those expenditures fell into the wrong, or had been previously classified in the wrong way as opposed to any change in definition.

MR. W. ZIPRICK: The definition as of now will be broadened, because it will include - the definition that I saw now will include the expenditures for repayment of debt, which constitute debt for Capital Expenditures. That definition was not in there before.

MR. CHAIRMAN: Mr. Curtis.

MR. C. CURTIS: I think it's more of a clarification of items that could be included within the existing definition. I could certainly make the point that that particular item would be defined under the existing definition but, for purposes of clarification, I think we would want to expand to make certain that you could identify clearly. It's more identification and elaboration of detail that's included.

MR. W. ZIPRICK: I would agree that payment, for instance, to the Health Services Commission to repay Capital Expenditures which have been spent on hospitals is certainly an expenditure for something that has a life of more than one year. So it would fall under that category, but it's being broadened to ensure that there is no misunderstanding. Let's put it that way.

MR. B. RANSOM: How is that consistent, Mr. Ziprick, with the policy that was being followed of considering all expenditures as expenditures of the year? Once you now try and identify a Capital item, that presumably means to someone that the government has indeed acquired other Capital Assets. But under this definition then, there will be significant expenditures included in Capital Assets, which don't represent any new acquisition of Capital at all, but simply the ongoing costs of that Capital, of servicing the debt on it.

MR. W. ZIPRICK: See, the government has not expended any money on that Capital. It was financed

outside of the Consolidated Fund, so now it's being paid from the Consolidated Fund for the first time. So it's certainly not unreasonable to consider that as a Capital Expenditure.

If the government had paid for it from the Consolidated Fund in the first instance and then, paying the debt, you'd include it again, obviously you would be double accounting, but this is not the case. So that any repayment of the provincial debt which has been spent on Capital Assets could not be construed as an Expenditure on Capital Assets, but this is a different kind of an expenditure.

MR. B. RANSOM: How big is the item then that's included in the 284.6 million? How much of that is made up of that kind of servicing cost?

MR. W. ZIPRICK: I don't have the figures with me here, but we can certainly get them.

MR. B. RANSOM: At the next meeting, they'll be available?

MR. W. ZIPRICK: Oh yes, they're available fairly readily, because they have been identified, except we don't have the worksheets but they range in the neighbourhood, combined, of about 30 or 40 million.

MR. B. RANSOM: Then, if all the other items were removed from Capital Spending and you left only that item, let's say it's \$30 million, that would indicate to the public that the government has acquired \$30 million of new bricks, mortar, pavement, steel, whatever, but as I understand the explanation, that would not be the case, that the buildings, for instance, are already there and this expenditure is servicing the cost of owning those buildings.

MR. W. ZIPRICK: That's correct and this is why, I understand, the description was changed somewhat. But the government is, in effect, contributing towards this cost on a progressive basis, towards the cost of those buildings.

MR. B. RANSOM: It may make sense from an accounting point of view, Mr. Chairman; I don't think it makes sense from the point of view of the public understanding. When the Minister of Finance makes an announcement in his Budget, for instance, that there's \$840 million of Capital Expenditure going on, the public would have some reason to believe that the \$840 million would be going to new Capital Items, not to servicing the debt of old ones. So from the public perception, I would have great difficulty with that kind of a definition.

HON. V. SCHROEDER: I agree with him, in terms of perception of how do you explain that. What I'm thinking of though is that, as I understand it, we are not showing new construction in the hospital field as part of our Capital Expenditures, because they're going to be borrowing money and that will show up on the books later on down the road, so I think the question that one might ask, if you want to see what you're doing in terms of Capital Works for this year, and I really

hadn't thought about it before this morning, but it would seem to me that the way you would do it is to see how much we are paying here on Capital and interest costs, on the one hand, for what was acquired two years ago or five years ago or fifteen years ago, and on the other hand, how much are you actually spending this year on hospital and similar kinds of Capital outlays that isn't showing up in the books at all as a Capital Expenditure, and if there's a major discrepancy there, then I could see - If we, for instance, shut down hospital construction this year, then you could say there's this \$30 million item simply completely missing and I would agree that, in terms of figuring out how much we're adding to our Capital this year, it wouldn't be an accurate reflection.

If, on the other hand, we're building \$30 million worth of that kind of construction this year, and that would, of course, be an accidental thing, if the two numbers corresponded identically, but I assume that probably over the years, there will be at least a fair degree of similarity between the two numbers; I don't know.

MR. B. RANSOM: Mr. Chairman, there has to be quite a bit of variation from year to year on how much money is going to be attributed to this debt servicing cost, because if the figure of \$316 million is adjusted to \$284 million, there had to be an amount close to \$50 million come out of there for Highways and Airport Maintenance and then there has been a figure added back in of something, perhaps, in the range of 30 to 40 million.

On the previous year, there is a substantially greater reduction, which may very well be related to this financing cost. Might that be the case, that there is significant variation in that cost from year to year?

MR. CHAIRMAN: Mr. Ziprick.

MR. W. ZIPRICK: There could be significant variation in the actual expenditures, but this method is an equalization of the expenditures that the province supplies for this Capital. For instance, in the school area, I would say that the expenditures would be significantly down from what is required to pay for debentures of schools that have been constructed previously. On the hospital side, more than likely the amount that's required for Capital Debt repayment is still quite a bit less than the actual expenditures because there is a pretty substantial Capital Expenditure Program going on by the hospitals which are funded by them, to be recovered from the province progressively as the debt to build those expenditures is repaid.

MR. B. RANSOM: The Minister of Finance has had a study done by Dr. Barbour dealing with the presentation of Capital Expenditures of the government and I note, with some interest, that on Page 33 of Dr. Barber's report, his first recommendation is that we continue with the approach adopted in 1978-79. He then goes on to look at some other possible ways of presenting Capital Expenditures. Now I suggest that the government is getting into a situation that is more confusing than was the case before; that would have made the most sense would have been to make the

Public Accounts consistent with the presentation of the Spending Estimates and then one would have had some understanding of the real bricks, mortar, steel, asphalt that the government was acquiring.

To get into this new definition that we've just been discussing for the last few minutes, to me, is going to confuse the issue even more. It would have been much easier to understand, I believe, to have used the old system and then if you want to draw attention to the amount of money that's being spent on schools and hospitals, so be it; identify that for people, but nevertheless, the Minister has had a study done by Dr. Barber. It's a very interesting study. He makes a number of recommendations. What is the Minister planning to do with this study? How many of these recommendations is he planning to implement?

HON. V. SCHROEDER: Mr. Chairman, that's under review. I really couldn't say exactly how far we're going or how fast. I do want to say though that in terms of the business of the hospitals, schools and that sort of thing, I recall a reference, a few years ago in a previous Budget, to precisely that as being something that ought to be considered as part of the Capital Assets that are being purchased by the province and then I believe that later numbers used by Ministers of Finance under the previous government, indeed, included that kind of acquisition as part of Capital, although there was no public statement to the effect that change had been made. What the accounting people are telling us here this morning is that they have a way of doing it that isn't certainly as clear as it would be if you just simply said, well, how much did you build this year, and add that on to your Capital rather than adding on whatever you'd paid for previous items this year. As the member knows, the Barber Report did not and ought not to have addressed that kind of an issue, because we weren't asking for an accounting policy type thing in the sense of determining some accountant's principles in terms of defining items and that sort of thing. He wasn't expected to run through our items to determine whether we were classifying them correctly or not. I think there was just simply a basic assumption that when we were saying there is so much money spent on Capital, that's what's spent on Capital, there is so much on Current, etc., and away he goes and tries to make some sense out of the system.

As the member indicates, Professor Barber's first suggestion is that there be two different bases for showing the deficit and surplus. Basis (1) would be just simply saying, well, how much is the total deficit on Capital and Current Account, as is the practice in a number of other provinces. On the other hand, he says that there is some advantage as well to showing a Capital Budget, and so what he is suggesting is you do both, separating those expenditures which add to the stock of tangible physical assets and the other ones. Then, of course, he has a number of other suggestions dealing with showing depreciation to your existing capital. You say you spend 300 million, 200 million, whatever it is, on Capital Acquisition, but at the same time your existing capital stock out there is deteriorating as well, depreciating some; and he would like to see some numbers on that and just in general, really, give us a better up-to-date picture of what is happening to

the system out there, the infrastructure that we are attempting to operate.

I think that Cabinet will be expected to review that after the Session is over. I've read the report. I know the Minister of Economic Development is anxious to discuss it further with me, and I am sure that there are other members of Cabinet who would like to get going on it, but we don't have any position on it at this time.

MR. B. RANSOM: Well, how many different presentations of Capital are we apt to have, Mr. Chairman? Evidently, changes are already being made. We now could be contemplating further changes, even though there seems to be a general tone through Dr. Barber's report that the basic systems that are in place should remain there and that the rest are largely information types of presentation. The suggestion that we consider depreciation of Capital items is a very interesting one. I expect the highways of Manitoba this year are depreciating more than the total amount of capital that the government is putting into highways this year.

Has the — (Interjection) — the Member for Inkster comes back to his argument that he says we always want them to spend more. Mr. Chairman, I would like to point out to the Member for Inkster that the Manitoba Government's Expenditures, using the Minister of Finance's figure of 15.8 percent increase in spending, is over twice as much as the average increase in spending of eight other provinces who have brought in their Budgets and their Spending Estimates to this point. Those other eight provinces averaged 7.2 percent; the Manitoba Government alone stands at 15.8 percent, over twice that amount. The Member for Inkster should realize that he's going to have to analyze his priorities and get some control of the spending that the government is doing. We've seen an example in the last day or two over the Cross Lake Arena, which is an excellent example of where the government could save some money.

Now, Mr. Chairman, has the Minister of Finance had his staff look at how some of these recommendations would be implemented? How would you go about determining a figure for depreciation?

HON. V. SCHROEDER: No, Mr. Chairman. We've been rather busy with other things recently and we have basically not started on any kind of response to the report that I am aware of.

MR. B. RANSOM: Well, this is interesting that the Minister wanted this report done, clearly. He had Dr. Barber do it. I believe the Minister has had the report for some time. They used to make the argument that the assets that the government owned were a valuable consideration in addition to what the government's cashflow position was.

Has the Minister considered this report at least to the point where he's thought about comparisons with countries, say, like Poland or Mexico or Brazil, where I presume that those countries have a substantial asset base, but seem to be having some difficulty in their cashflow? In view of that, how useful does the Minister think that it would be to present a statement of the capital assets of the province, for instance. I believe

Dr. Barber has made an estimate that their assets are roughly \$6 billion more than the liabilities of the government. How meaningful does the Minister of Finance judge that sort of presentation to be?

HON. V. SCHROEDER: Mr. Chairman, I don't know about the financial situations in the countries he's referred to, and some of them, certainly, I question whether their assets are worth more than their liabilities. There are countries like Chile and Brazil and a number of other of those fascist areas where - and especially when you talk about countries outside of this particular hemisphere - Chile should be one that would warm the cockles of the heart of any Tory because there you had the Chicago boys — (Interjection) — Well, you're talking about some countries; I'll talk about others. You had the Chicago boys go down there with their monetarist theories and you've seen the terrible repression that is an inevitable result after a period of years of the pure use of that kind of thing without any ability on the part of the people down there to say no to any of that kind of activity.

I don't like being compared, quite frankly, to those kinds of countries. I don't think that makes any sense. I don't think that it is appropriate to suggest that when Professor Barber says that our assets are worth about \$6 billion more than our liabilities, that we then turn around and say, well, what about Poland. We know that those countries have peculiar problems that we're very happy not to have.

We do have assets that are clearly worth an awful lot more than our liabilities, and surely that means something. If the opposition says it means nothing, then what if we had the debt we now have and didn't own all of those public resources that we own. Would we be better off? Would we be as well off as we are now if we were going to be paying rent on the Norquay Building, which was a very good long-term capital investment by a previous administration, where certainly if you look at our costs of operating that building compared to what we would have to pay for rental of office space in that area now, it's incredible the amount of money Manitoba taxpayers save on that kind of an investment.

We can go on and on with other kinds of investments; compare what we would have to be paying for telephone services if we had B.C. Telephone or Ma Bell or something like that in, and you can go on through the system. So there are, I would suggest, good solid logical reasons for providing the kind of information that Professor Barber has provided. I was anxious for the report. I think it's a good report; I think it's a report that we have to study as a Cabinet. I don't think that it's fair to expect us to do that during a Legislative Session. We do have time between now and the next time we present materials to the Legislature to determine how we are going to be presenting those materials and that will be done.

MR. B. RANSOM: Mr. Chairman, the Minister has either a great capacity to mislead or to misunderstand or perhaps even both. At no time, did I make a comparison between Manitoba and Brazil and Mexico or Poland. What I said was that those countries would, no doubt, have a substantial asset base, but they are having

difficulty in servicing their debt. So the question simply was, how relevant is the presentation of the assets that a province owns or a country owns to their ability to service the debt?

Now there was nothing else in that question. There was no comparison of Manitoba to Chile. I didn't mention Pinochet or Allende or anybody else. I'm not bringing in that. What I am trying to do is discuss this report which the Minister of Finance said that he would be prepared to discuss in Public Accounts. When he tabled this report, he said in his Estimates that he would be prepared to discuss it in Public Accounts. Now we're in Public Accounts, and I am trying to have some discussion with the Minister on it. If he's not ready to discuss it, then I guess we'll have to set it aside and discuss it next year. But the concern that I would have in the meantime then, is that maybe the Minister's going to implement some of the changes in the interim without having had any benefit of discussing it.

I happen to find this a very interesting report. I think Dr. Barber has presented some interesting information. In some cases, I'm asking the Minister how relevant it is in terms of the province's capacity to service the debt, that's all. I find generally that his report seems rather supportive of the systems that the Manitoba Government has in place, but some of the other recommendations he makes, I believe, would make analysis of our situation perhaps a little easier for outside interests who may be lending money to the province. Any time you can add to the understanding of the situation, I agree with that, as opposed to obfuscating the situation by the presentations of using differing definitions and such.

So, Mr. Chairman, does the Minister simply not want to deal any further with this report?

HON. V. SCHROEDER: I have no problems with dealing with the report. I would expect that members would all have studied it and would be prepared to give me their views on it. Some of the items in the report are not that simple to respond to. I refer to Page 34, No. 3, "The government should prepare and estimate on a regular basis, a cyclically adjusted or high employment budgetary statement of Revenues and Expenditures. This will enable users of government budgetary data to distinguish more readily between active and passive changes in the deficit or surplus."

That makes sense to me in the abstract, and it wasn't Professor Barber's job to figure out how we were going to go about doing that or what the cost would be. That is a job that we are going to have to embark upon. So I sympathize with the member if he wants to ask, well, how much will it cost? The only answer I can give is, I don't know. But in general terms, I would welcome discussion of the report.

MR. B. RANSOM: With respect to Recommendation 3 then, Mr. Chairman, does the Minister see that that is something that the government should rightfully be undertaking, or is it possible that that sort of thing might be done by the Provincial Auditor? I say that only because governments, in presenting estimates of what would happen, of course, can always present the figures that they see as best. I know that this Minister will basically argue that the province has a Revenue

problem. I would basically argue that the province has an Expenditure problem. If the government is putting together this range of budgetary positions, which again is a very interesting concept, who might be in the best position to put that forward in the most objective fashion.

Maybe Mr. Ziprick would comment on whether it's anywhere close to the realm of an auditor's role.

MR. W. ZIPRICK: With regard to his first recommendation that the presentation be continued as it is for certification purposes, I find that to be consistent with what we've been saying, because it takes a lot of the subjectivity out of the presentation the way it was before and makes it possible for a good disciplined accounting system.

With regard to the Capital that, for instance, we were discussing, the Capital that he talks about here is significantly different. Here it's just a segregation in the total Expenditure to throw a little more information on the nature of the Expenditure, but the Expenditures are still handled in total, measured against a total Revenue, and the bottom line is one bottom line, Excess of Revenue over Expenditure.

When it gets into this other area, I've read through it and certainly most of it beyond a professional auditor's accountants and gets into economics, and I find it to be a very interesting report also. There is merit in the suggestion of including data of a kind that will assist the public and everybody else that's interested, to determine just how we stand in our abilities to sustain the deficits, to be able to carry it out. A lot of this is economic information, and it certainly is beyond the Auditor.

I have been asked and continuously asked, well, we've got so much debt, how do you feel? When is it that we won't be able to get any more money? I say, I'm no wiser in that area than almost any other layman. It's quite a complex economic situation to determine that, and it's quite a shifting.

On the other hand, when there is that debt, I think that there is some obligation to provide information to assist people and to assure them that we are not getting too far into that dangerous line. So to the extent that this would assist in this area, I think it would be great, but it's certainly beyond auditors and requires economists and other disciplines.

MR. B. RANSOM: I take it then, Mr. Ziprick, you would judge from this that Dr. Barber's comments concerning the accounting aspects are largely in approval or wholly in approval of what has been done, and the other suggestions are then into the area of economic analysis.

MR. W. ZIPRICK: That's the way I read the report, that he states that the accounting should remain as is and be certified on the present basis which discloses a clear bottom line of how much there is shortfall and the debt has been increased. Then all these other data are supplementary data to be presented in the Budget, and in other forms, to assist in determining just where do we stand in these various areas of economic capabilities to sustain, to manage, and so on.

MR. CHAIRMAN: It's 12:30. We haven't scheduled another meeting for Public Accounts, so the next

meeting will be announced in the House by the Government House Leader when we can arrange the time, in due course of time.

Committee rise.