



Fifth Session - Thirty-Sixth Legislature

of the

Legislative Assembly of Manitoba

Standing Committee

on

Public Accounts

Chairperson
Mr. Conrad Santos
Constituency of Broadway



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

Tuesday, July 6, 1999

TIME – 10 a.m.

LOCATION – Winnipeg, Manitoba

**CHAIRPERSON – Mr. Conrad Santos
(Broadway)**

**VICE-CHAIRPERSON – Mr. Edward
Helwer (Gimli)**

ATTENDANCE - 11 – QUORUM - 6

Members of the Committee present:

Hon. Mr. Gilleshammer

Messrs. Downey, Dyck, Faurschou, Helwer,
Lamoureux, Maloway, McAlpine, Rocan,
Sale, Santos

APPEARING:

Mr. Jon Singleton, Provincial Auditor

MATTERS UNDER DISCUSSION:

Public Accounts Volumes 1, 2, 3 and 4 for
the years ended March 31, 1996, 1997 and
1998

Volume 1 of the March 31, 1996, Provincial
Auditor's Report

Provincial Auditor's Reports on Public
Accounts and the Operations of the Office
of the Provincial Auditor for the year ended
March 31, 1996

Annual Report on the Operations of the
Office of the Provincial Auditor for the year
ended March 31, 1997

Annual Report on the Audit of the Public
Accounts for the year ended March 31, 1998

Mr. Chairperson: Order, please. Will the Standing Committee on Public Accounts please come to order. The business referred to in the committee for consideration this morning is the following reports: Public Accounts Volumes 1, 2, 3 and 4 for the years ended March 31, 1996, 1997 and 1998; Volume 1 of the March 31, 1996, Provincial Auditor's Report; Provincial Auditor's Reports on Public Accounts and the Operations of the Office of the Provincial Auditor for the year ended March 31, 1996.

Please note that 1997 and 1998 Provincial Auditor's Reports on Public Accounts and the Operations of the Office of the Provincial Auditor were inaccurately worded on the notice of the committee meeting and should have been listed as follows: Annual Report on the Operations of the Office of the Provincial Auditor for the year ended March 31, 1997; and the Annual Report on the Audit of the Public Accounts for the year ended March 31, 1998. Copies of these reports have been placed on the table for each member.

Further, as Chairperson, I had circulated a letter to committee members on June 13, 1999, requesting that members submit to me items or questions requiring detailed answers of the committee meeting. I did not receive any additional agenda items; therefore, we will proceed with those items indicated on the committee notice.

Did the committee wish to adopt the agenda before it?

Mr. Tim Sale (Crescentwood): Mr. Chairperson, I gave you yesterday an agenda with a letter to you.

Mr. Chairperson: Yes, and copies have been—

Mr. Sale: So I am sorry, what were you saying then that—

Mr. Chairperson: Copies have been provided to the Provincial Auditor and—

Mr. Sale: And to the Finance minister yesterday morning.

Point of Order

Mr. James Downey (Arthur-Virden): A point of order, Mr. Chairman. Would it be possible for the rest of us to get in on this meeting as well, to identify the people who are speaking, so we could all hear what the discussion is? I would appreciate that.

Mr. Chairperson: Mr. Sale is the MLA for Crescentwood.

I have a copy of these items proposed as agenda for this meeting, and it will be duplicated and provided to members. While waiting for copies of that proposed agenda, the honourable minister wishes to say something.

Hon. Harold Gilleshammer (Minister of Finance): I think committee members are at a bit of a disadvantage here, that this has not been provided to them for their information. I do acknowledge that late yesterday I did get a copy of questions put forward by Mr. Sale. So if they are being duplicated then I guess the staff here have not received them. Perhaps we could get them copies so that all members understand where we are going.

Mr. Sale: Contrary to what the minister said, I provided his office with a copy of the proposed agenda items as a courtesy. I provided you with a copy at the same time, and I provided the Provincial Auditor at the same time. It was approximately noon yesterday when that was done. So if the minister did not receive it until late in the day, then I suggest that he speak to his office staff, because it was there by noon.

There is no obligation on the part of an individual member of the committee, whether it is a government member or an opposition member, to supply draft questions to all members of the committee. The obligation is to supply it to the Chairperson in response to the Chairperson's letter as a courtesy. In the past I have always supplied a copy at the same time to

the Auditor and to the Finance minister because it has been the government's practice to call these committee meetings on very short notice, without adequate time for preparation, and so by the time questions are assembled and caucus is canvassed in terms of issues they would like to have addressed, there is very little time for preparation. So, as a matter of sheer courtesy, I have always provided that at the same time I provide it to the Chairperson.

But, if the government wishes to have a better process, it is entirely within the government's control to do so. Having not had a committee meeting for 18 months, one can hardly expect that the members of the opposition would sit around drafting questions for a committee the government does not care to call. If the committee members and the government members feel discomfited by not having the questions that were supplied to the Finance minister yesterday, I suggest they have a discussion with their Finance minister as to the process for calling committee meetings, because it is entirely within his control.

Mr. Chairperson: The Deputy Premier, Mr. Downey.

Mr. Downey: That is not correct, Mr. Chairman. I am the member of the Legislature for Arthur-Virden.

Mr. Chairperson: Member of the Legislature for Arthur.

Mr. Downey: My point of order was that there were some discussions taking place between the member for Crescentwood (Mr. Sale) and the Chairman of the committee prior to the discussion at this table. I did not believe proper recognition of members saying what, and there were discussions going on which we were not privy to, and that is what I was asking for to be clarified as to what the discussions were. I am satisfied now, Mr. Chairman, with the discussions. Calling the Minister of Finance (Mr. Gilleshammer) has clarified it for us, and I appreciate that.

Mr. Gilleshammer: Just in relation to the member for Crescentwood's comments, I did receive a letter from you, Sir, as the Chairperson

of this standing committee, indicating that you would appreciate having items forwarded to you by three o'clock on Friday, July 2, so an agenda may be prepared and circulated prior to the meeting. I understand that this letter went out to all members of the Standing Committee on Public Accounts. I indicated that I received some of that information yesterday afternoon.

But, further to the member for Crescentwood's (Mr. Sale) comments, the government House leader sent a letter to the opposition House leader in March of 1998 and brought to the opposition House leader the concerns that have been put forward and in that letter had asked that some discussions take place, I believe, at LAMC to change some of the procedures, to modernize some of the procedures, to I guess give answer to some of the comments made in the report from the Auditor. As of this time, no new ideas have come forward in how we might proceed with this committee. So I think that opposition members have had over a year to contemplate this and bring forward new ideas to LAMC.

Mr. David Faurshou (Portage la Prairie): Just to clarify the record, if I could ask the Chair or the Clerk of the committee, when was the last meeting of the Public Accounts committee?

Mr. Chairperson: So long ago, I cannot remember.

An Honourable Member: February 1998.

* (1010)

Mr. Chairperson: February 1998, according to Mr. Sale.

We have to bear in mind the committee cannot call its own meeting through the Chair. Now that we have the agenda, what is the pleasure of the committee? It is now before the committee.

Mr. Kevin Lamoureux (Inkster): Mr. Chairperson, I would suggest, just given past practices of other committees, that the minister be provided the opportunity to give an opening statement and then there be any other opening statements, in particular from the member for

Crescentwood (Mr. Sale). I know I would like to put a few words on the record. Then we just go into questions and answers in regard to the reports. It is my intention to get rid of some of the backlog that has been created because of the committee's inability to get together. That would be my suggestion, and we will see what time we rise today. I would anticipate that it would be some time between 12 and 12:30.

Mr. Chairperson: Is it understood that we are adopting the agenda before we proceed with the traditional way? No?

Mr. Downey: There is no agenda, Mr. Chairman; this is a normal committee of which I agree with the member for Inkster. The minister gives an opening statement; the opposition gives an opening statement; and then we get into general questions of the business of this committee. We are not working to any pre-set agenda, or I do not intend to do that. For the member for Crescentwood, he has every right to put his questions in writing and ask for them to be answered but certainly does not control this committee.

Mr. Chairperson: For purposes of information, in past meetings of this committee, we have followed such suggestions from the Provincial Auditor's office. We solicit questions from all members of the committee from both sides, and anybody who responds, we collate all the questions and present it to the committee as agenda. Then any item they would like to amend, they can. Any item they would like to proceed with, they can. It is at the pleasure of the committee. That is what it is before us now. So, if you wish to amend any of the items in the proposed agenda or add anything, you can do so.

Mr. Lamoureux: Mr. Chairperson, if the suggestion is that we go through questions 1 through 15 before we deal with any other form of questioning, I would be inclined to disagree. For some of us that might have more resources than others, given the spontaneous nature of the call of this particular committee, I do not believe it is fair nor appropriate for other members to be expected to follow questions when we might have some specific questions. Given that we are only going to have, in all likelihood, two hours to deal with three detailed reports, I do not

believe it would be appropriate. I believe we should just go ahead with the opening statements and then followed by questions. I would ask that all members that were wanting to get on the record and posing some questions be provided that opportunity, and we forgo any other form of written agenda.

Mr. Sale: This is really Alice in Wonderland unfolding in front of us here. The one improvement in procedure that this committee agreed to some five years ago was that there would be written questions provided in advance so that members could do their homework. That was predicated on the assumption that the committee was called with reasonable notice. Now we have the member for Arthur-Virden (Mr. Downey) and the member for Inkster (Mr. Lamoureux) arguing that the committee procedures agreed upon five years ago and followed in every meeting since the 1995 election in which all members have been asked if they wish to supply questions, and the agenda has been comprised of the questions supplied. The fact that others did not do so, that is fair enough. Certainly there is nothing in the agreement of 1994 or 1993 that precludes other questions from being asked. That, of course, is a question of when the Chair recognizes a member, any question can be asked. The whole point of having an agenda was to allow staff and the minister and the Auditor to be prepared for the meetings.

Now, if we are now going to ditch that procedure, then we have ditched the one thing which made this committee function slightly better than it did in the past. We will then be back to not only being the worst Public Accounts committee in Canada in terms of its rules and functions and procedures, we will have ditched the one thing that made the meetings between 1995 and the present day at least marginally more useful because people had a chance to do some homework.

So, of course, if the government wishes to not have the questions that have been supplied for preparation considered, that will be a question of who the Chair recognizes. But this is foolish. If we want to have opening statements, which we have always had in the past, I suggest we go forward with that. That is

always what we have done. Then we would go to the questions that are before the committee, and the opposition critics will be recognized in their order of precedence, and we would go from there. So I suggest we get on with it. Mr. Minister, make your opening statement. I am sure other members may wish to make brief opening statements, and we can get down to business.

Mr. Chairperson: Before we get down to business, for purposes of factual information for those who do not know, at the December 10, 1991, meeting of the Standing Committee on Public Accounts, the committee adopted certain recommendations of the Provincial Auditor regarding the operations of the Public Accounts committee. The recommendations adopted—these are adopted recommendations—it included the use of a working agenda, the provision of notice of questions requiring detailed answers in advance of the meeting whenever possible. Those are the factual information.

Mr. Downey: Mr. Chairman, I am not opposed to anybody presenting prewritten questions to this committee to get answers. How they are presented back by the minister responsible is his or her responsibility. Every committee that I have every sat on presents its own way in which they will handle the business. There has been a recommendation made by the member for Inkster today as to how this committee will work. Every committee, over the last number of years, governs itself as it presents itself.

I have never come to a committee where there has been a preprepared agenda. Questions I have no difficulty with, but how it is managed, each committee establishes its own rule of governing itself and is not bound by something in 1995. It was a recommendation.

I do not know why today that question was not presented as to whether or not we should proceed. You did not do that, Mr. Chairman. What I am suggesting is these questions are all great. It is great for the Auditor to reply to them or whoever wants to respond to them, the minister or the Auditor, and that is a good procedure, but as far as the governance of this committee, I do not know why we should be bound by anything. If we want to have other

members—I know we are eating up time here on points of order—other members have other questions, it should not be dominated by one particular party or one particular member of this committee. That is why I am suggesting there is nothing wrong with the questions; it is the predetermining of what the procedures will be that takes away from what the committee's responsibility is.

Mr. Chairperson: It does not take away, because this is just the proposed agenda. It is for the committee to accept or reject. [interjection] Yes, it is a guideline.

Mr. Lamoureux: Mr. Chairperson, just again to help facilitate, I cannot recall right offhand in terms of the discussion that took place back in 1995 in December. I would be quite surprised if I would have concurred at that time that we would have questions being proposed and we had to follow according to those questions. I would really challenge anyone who would even imply that I would be in favour of something of that nature.

What I would suggest is the member for Crescentwood (Mr. Sale) has a number of excellent questions that are before us. He has provided, as a courtesy to the Provincial Auditor, the Minister of Finance (Mr. Gilleshammer), that we go with the opening statements and the member for Crescentwood can then put forward his questions. But my concern is that there are a limited number of hours here this morning. I would like to have the opportunity to get a few questions on the record. This committee should not be dictated through a format of a number of questions being that that is the only individual who gets to pose questions. That is the only concern I have.

Mr. Chairperson: Is there leave that the committee proceed without wasting any more time? [agreed]

* * *

*(1020)

Mr. Chairperson: The committee will proceed. The honourable minister will give his opening statement.

Mr. Gilleshammer: I would like to just introduce some of the people who are here with me today. On my left, Eric Rosenhek, controller; Debra Woodgate, associate secretary to Treasury Board; Gerry Gaudreau, director of Disbursements and Accounting; and Terry Patrick, manager of Accounting.

Mr. Chairman, I do have a brief opening statement that I would like to proceed with. Although this is my first Public Accounts committee meeting as Minister of Finance, I am told that this is the third committee meeting called to review reports for the fiscal year ended March 31, 1996. I am also aware that there is a desire to discuss the operating rules of the committee. Indeed it is the first item of the agenda submitted by the honourable member for Crescentwood (Mr. Sale). I do not object to having the discussion. I think that we would all benefit from it.

However, I would like to suggest that the committee agree to approve at least the reports for the fiscal year ended March 31, 1996, at this meeting. This can be done either before or after the discussion of the Public Accounts committee process. This would be visible evidence that we have made some progress with the backlog of Public Accounts and auditors reports. The reports for the fiscal year ended March 31, 1997, are also at the committee for review. It is noted that some of the questions on the agenda relate to that fiscal year.

Once these questions are reviewed, there may be an opportunity to approve the March 31, 1997, reports as well. This would then leave the committee with the 1997-98 reports to further consider. The member for Crescentwood has submitted a number of questions for our agenda. We received these yesterday, and we do have answers to some of them. Others will require more time.

In regard to the first question asked by the honourable member, I understand that the Provincial Auditor is prepared to brief us this morning on the best practices that he has been advocating. I have not seen his earlier presentation, and there may be other members of the committee who would also benefit from receiving this information. I understand that my

request for this presentation has to be directed to the committee Chair, and I accordingly ask him if we can proceed with this.

Mr. Chairman, if we have leave, the Provincial Auditor is prepared to make a presentation on best practices for this committee.

Mr. Chairperson: Before we do that, I would like to ask the critic of the official opposition party, Mr. Sale, for an opening statement.

Mr. Sale: I have an opening statement that is relatively brief as well. The whole process of reforming this committee and in fact having a committee function is essentially in Manitoba politically conditioned. Instead of being relatively nonpartisan as it is in some other provinces, in the best provinces, in Manitoba it remains essentially a political process, mired in the decades previous to the 1990s. Unlike other provinces, the committee cannot be called except by the Finance minister, who hides behind the charade that it is the House leaders who call the committee. Indeed, it is the House leaders who agree that the committee might be called at a particular time, but it is entirely at the call of the Finance minister as to whether the committee meets, and this committee has not met since February of 1998.

To attempt to suggest that this is in some way the responsibility of LAMC is to invite people who know the rules and procedures and history of the House to believe somehow that Alice in Wonderland has been elected as the government of Manitoba. LAMC is a rules review body. We have indicated on our side a number of times that we would be very interested in changing the number of hours for Estimates in the expectation that Public Accounts would then meet much more frequently, on a much more regular basis. The issue of hours is a relatively narrow issue that LAMC certainly has a responsibility to deal with in the rules of the House, because that is where the hours for Estimates are contained, but there are no significant rules of this House bearing on the operation of the Public Accounts committee.

One will search in vain in the rules of the Manitoba Legislature for significant reference to the Public Accounts committee. That is because,

as the Chair rightly pointed out and as the member for Arthur-Virden (Mr. Downey) in fact pointed out, committees of the Manitoba Legislature traditionally have set their own rules. They have followed their own procedures. Generally speaking they at least honour previous committee decisions, as for example the one made in 1991 regarding the use of prepared questions at this committee. But it is entirely and completely under our rules within this committee's power to determine when it will meet, how it will meet, who will sit on it, what its rules of procedure will be. If this committee, essentially if this government were in the slightest interested in reform of this committee, it is entirely within this committee's capacity to reform its own operation.

And the fact that it has not done so has nothing to do with LAMC, except insofar as the question of hours of Estimates being traded off for hours of Public Accounts committee is concerned. That is the only issue. LAMC has nothing to do with who calls this committee. It has nothing to do with whether this committee has the powers of the Ontario Public Accounts committee or the Alberta Public Accounts committee or the B.C. Public Accounts committee, absolutely nothing to do with that.

If at some point in the future this committee wished to place its rules of operation within the ambit of the rules of the Manitoba Legislature, it could do so. It could recommend to LAMC that the rules be adopted and placed in the rules of the Legislature, and LAMC might or might not agree, the caucuses might or might not agree, but that would not affect this committee's ability to operate under its rules. It would not affect our ability to comply with the Auditors recommendations or with the best practices. Now we want to spend a lot of time looking at best practices. Well, those of us who have been on this committee have seen this presentation. It is a good presentation. It has been available to members for several years now. The fact that the Finance minister has not found time in his busy schedule to meet with the Auditor and have this presentation is regrettable. If he is not up to speed in terms of how Public Accounts committees function, it is regrettable. Of course, committee can vote as it wishes. For my part, I see no reason to spend more time looking at best

practices when the Finance minister knows that the Auditor has provided, over several years now and most recently in January of 1998, to members of the committee who wish to attend. The previous Finance minister did not attend that either. He has provided a very comprehensive, very thorough, thoughtful, useful review of how good Public Accounts committees function.

I know that the member for Turtle Mountain (Mr. Tweed) was at one of those meetings. I know the member for Gladstone (Mr. Rocan) was at one of those meetings. I believe the member for Gimli (Mr. Helwer) was at one of those meetings. I think the member for Sturgeon Creek (Mr. McAlpine) actually attended one of those briefings, if I am not mistaken. I do not know whether other members present today attended the meeting last January or not.

It was very useful, very thorough. The bottom line, Mr. Chairperson, is that this government, as exemplified by the previous Minister of Finance and apparently the current Minister of Finance (Mr. Gilleshammer), has not the slightest interest in accountability. They are wonderful at budgeting. They are wonderful at putting forward budgets which speak of their intentions to do things, but they do not, at the end of the day, want to account for how they actually spent the money.

I want to provide just a couple of examples of their failure to do that. For example, budgets of the Minister of Health (Mr. Stefanson), as put forward by the former Minister of Finance, show that they were going to spend from 1993 to 1994 up to the current year an additional \$213 million. That is what the budget said, but in the most recent years for which we have actual data, their increases were only \$70 million. In two of those years, they spent less than they budgeted; two of the years, they spent more.

So this is a government that loves to budget, loves to talk about its budget, in fact, goes so far as to mail it out to every household in the province, but when it comes time to review what actually happened, this government avoids that at all costs. They avoid the accountability of finally looking at the bottom line of what actually happened. They avoid the fact that, for example, during the current government's term

from 1995 to the present day, they have cumulatively underestimated their revenues by \$918 million.

* (1030)

Now that is a pretty big number, yet their Fiscal Stabilization Fund does not have \$918 million in it. That is because they spent money out of that fund, improperly transferred, according to the Auditor, to shore up their revenues which would have otherwise in most years shown a deficit at a time when their revenue picture was the most buoyant that it has been in 10 years. So accountability, concern about what actually happens in government finances, is not something this government is apparently concerned about at all, if its behaviour is to say anything about what it really is concerned about.

So I expect today that we will in fact pass '96-97. I have already proposed that to the member for Inkster (Mr. Lamoureux) informally. I hear the minister's suggestion that we do that, and I agree with him. It is stupid to be considering public accounts that are three years out of date. The reason that we are doing it is that we have only had three meetings to consider those accounts. Here it is 1999, and we have had three two-hour meetings, one of which was entirely consumed by what turned out to be a rather futile debate about the reform of the committee because this government and its members had no interest at all in reforming the committee and its function. Otherwise, they would have agreed to at least one of the minor changes that were possible. For example, who calls the committee?

An Honourable Member: So what are we doing now?

Mr. Sale: Right now, at this point, the member is asking what are we doing: we are reviewing the fact that this committee is not accountable to the government's concern for good fiscal management, transparency. This is not something this committee is apparently concerned about in the least.

So I would like to pass those old accounts; in fact, I would propose that we pass them at the beginning of the meeting, not at the end of the

meeting. I am not in favour of spending committee's time reviewing best practices. If the minister is unable to find time in his busy schedule to do that, then let him do what other Finance ministers in this country do, and that is not sit on Public Accounts.

They do not sit on Public Accounts, Mr. Minister. They do not even come unless they are asked because the point of Public Accounts is not to have a political debate between the Minister of Finance and the opposition critics. That is also part of best practices, if the minister would care to read even the one page summary that the Provincial Auditor has provided over the last couple of years.

The point of Public Accounts is essentially an accounting forensic exercise that looks at what was promised versus what was done. Was value received for the money spent, and so forth and so forth. It is not a place for the Finance committee to be chairing a review of the Finance minister's own proposals. It is fundamentally a conflict of interest, and one would think that the Finance minister would understand that, especially after the Provincial Auditor has briefed the committee and the former Finance minister and his officials very thoroughly on this issue. So if there were any interest in the effective operation of this committee, this Finance minister would not call the meetings and he would not sit where he currently sits.

So let us get on with the agenda. If other members have questions, that is fine. Let us pass 1996-97, or '95-96 rather, and get that out of the way, and let us get on with doing something useful in terms of actual change as to how this committee functions. I would be interested to hear whether the minister has any proposals that would bring the committee in line with current best practices.

Mr. Chairperson: Traditionally, the Provincial Auditor also has the privilege to make an opening statement. Does he wish to do so? [interjection] Also, the member, Mr. Lamoureux, requested it. Is there leave from the committee? [agreed]

Okay, we will proceed as we intend to do, the Provincial Auditor and then Mr. Lamoureux, to make opening statements.

Mr. Jon Singleton (Provincial Auditor): It is a pleasure for me to be here. I welcome the opportunity to meet with members of the Public Accounts committee. I would like just to introduce my staff and put one item on the record for future Public Accounts committee meetings, if I may.

I have with me today Mr. Warren Johnson, the assistant provincial auditor. Sitting along the back is Mr. Norm Ricard, our executive director of Value-for-Money audits; Maria Capozzi, who is an analyst in our Governance Practice unit; and Shirley Richardson, who is our IT specialist.

The other point I wanted to make is, in looking over the agenda, there are five reports that my office has issued which are not in the present agenda, and I would like to flag them for the information of the committee so that they can be considered for future Public Accounts committee meetings. The five are the Audit of Public Accounts for the year ended March 31, 1997; Operations of the Office of the Provincial Auditor for the year ended March 31, 1998; the Value-for-Money Audits for autumn of 1997; the Value-for-Money Audits from the spring of 1998; an Examination of Governance in Manitoba Crown Organizations issued in June 1998.

Mr. Sale: Mr. Chairperson, I would like to make a motion:

THAT those reports be added to the agenda of the committee as per the request of the Provincial Auditor.

Mr. Chairperson: It has to be formally announced by the government House leaders when they call the meeting, but for the purpose of this committee, these are all part of our proceedings.

Point of Order

Mr. Sale: Mr. Chairperson, are you ruling that motion out of order?

Mr. Chairperson: No.

Mr. Sale: Then I made a motion, Mr. Chairperson.

Mr. Chairperson: Is there a seconder?

Mr. Sale: I do not believe you need a seconder in a committee, Mr. Chairperson.

Mr. Chairperson: A motion has been proposed that the reports mentioned by the Provincial Auditor, five of them, be part of the agenda of the next meeting of this committee.

Mr. Sale: Mr. Chairperson, that was not my motion. It was to be added to the agenda of this committee, not the next meeting. We will consider them whenever we get to them. Maybe this meeting, maybe another meeting.

Mr. Downey: A question, Mr. Chairman.

Mr. Chairperson: A question being called or a question being asked?

Mr. Downey: A question being asked. Did I understand you to say that this was business that the House leaders had to determine, not this committee?

Mr. Chairperson: This committee is unique of all the committees of the House, because this is the only committee chaired by the opposition. The reason is because it is a Public Accounts committee; and because it operates, in a way, unique in itself, we are bound by the traditions and procedures of this committee. The House leaders normally agree and actually they will act according to consultations with the Minister of Finance (Mr. Gilleshammer). Questions?

Mr. Lamoureux: Just before you call the question. I am willing to support the motion primarily because, even though it is against tradition and our rules, I do believe that there is a need for change, and that has been highlighted by the member for Crescentwood (Mr. Sale) and government members from the past. So I will be in favour of the motion itself.

Mr. Faurshou: Just for clarification, being a new member on the Public Accounts committee, you have stated a convention or are they, in fact, House rules? And are you ruling this motion out of order?

Mr. Chairperson: This committee, I said, is a unique committee. It does not follow the other

procedures of the other committees of the House. If there is leave in the committee, this committee can decide it and make up its own mind. If there is no leave, then there will be no leave. Traditionally, the frame of reference of this committee is agreed upon by the two House leaders and announced in the House of the Legislature.

Is it the wish of the committee to adopt the motion?

Mr. Downey: Let us have the question. We did not have it written out. I think it is tradition in most committees that the motion is written out. We have not got that, Mr. Chairman, so we know exactly what we are voting on.

Mr. Chairperson: We will ask for the motion to be written out.

It has been moved by Mr. Sale:

THAT the five reports cited by the Provincial Auditor in his opening statement be added to the agenda of the Public Accounts committee.

Question? [agreed]

* * *

Mr. Chairperson: Mr. Lamoureux now has his opportunity to make an opening statement.

* (1040)

Mr. Lamoureux: I am not wearing a watch, and the screen is blocking the clock. Having said that, I think that we have already gone through roughly a half hour to 45 minutes of a two-hour meeting, and I am told that it is 42 minutes that have actually passed. You know, the Public Accounts can serve a very useful role if in fact it was meeting on a more regular basis, just as a starting point. There are many different rules that could be changed in order to better facilitate a more productive committee, thereby serving Manitobans in a much better fashion.

Originally, I had some questions in regard to the unfunded pension liability that I was wanting to ask. I had some questions in regard to special operating agencies, along with the number of

government departments deferring or opting out of using the Auditor's office and going for private auditing being done.

Having said that, I realize that the real issue that I think that does need to be discussed and debated in a formal way is the way in which we utilize this committee. It has been a long time since this committee has met, and you could tell that when we first walked in and you saw knee-high deep in terms of reports sitting that have not been debated or questioned. I do not know how that serves Manitobans when we have this particular committee. It does not really seem to achieve very much. Yet other jurisdictions do use a provincial or public accounts and are able to achieve that much more.

The reason why I say that is that I do think that, if the Provincial Auditor's office is prepared to again make that presentation, I was there in January of '98 when they made that presentation, as the member for Crescentwood (Mr. Sale) was. It was an excellent presentation. I think that it provided a lot of positive feedback, and I must say that feedback was from all three political parties that I think recognized the need for that change. It just has been that a lot has happened between then and now, and maybe we could do a service by having the presentation being made and getting something official on the record, as opposed to inside the Auditor's office where, generally speaking, it was not necessarily reported upon or acted upon. At the very least, we might get something positive for the future of our Public Accounts meeting.

I realize that the member for Crescentwood, in particular, has put in a great deal of effort in preparation for some of the questions that he has put forward, but I question in terms of the real value, the long-term value, of having those questions answered, as opposed to going into the presentation and, hopefully, try to get some insights from this committee as to the future role of our committee.

With those few words, I am prepared, hopefully, to see the presentation. If not, we will go right ahead into the questions and answers. Thank you.

Mr. Chairperson: I would like to remind all members that the primary purpose of this

committee is to consider the business before the House: the Public Accounts Volumes 1, 2, 3 and 4 for the years ended March 31, 1996, 1997, 1998; Volume 1 of March 31, 1996 Provincial Auditor's Report; Provincial Auditor's Report on Public Accounts and the Operations of the Office of the Provincial Auditor for the year ended March 31, 1996; Annual Report of the Operations of the Office of the Provincial Auditor for the year ended March 31, 1997; and Annual Report of the Audit of the Public Accounts for the year ended March 31, 1998.

Do we want to proceed with the primary business of the committee?

Mr. Sale: Mr. Chairperson, there are three or four questions that we have in regard to the '95-96 statements which we would like to pass very quickly. If we could deal with those questions, then we would be prepared to pass those reports within the next relatively few minutes. Then we have questions on the other reports, as the agenda calls for, an orderly process of following through the backlog of the committee.

So I would like to ask in regard to questions 4, 5, and 3, and to start with question 5, which is really a straight mathematical question. Has the minister or the Auditor been able to total the pension payments for the three plans in place by the province for the three fiscal years noted on the pay-go basis that Premier Roblin brought in, in 1961, so that we could cover the costs of the floodway?

Mr. Gilleshammer: Well, with all due respect, I understand that there were questions, or a desire to have the Auditor make a presentation. I heard the member for Inkster (Mr. Lamoureux) indicate that he wanted to see that.

An Honourable Member: He has already seen it.

Mr. Gilleshammer: Well, the member for Crescentwood (Mr. Sale) wants to be critical of the member for Inkster. I just want to respect the wishes of the committee. My understanding was that there was a desire to see this. It was the first question that the member for Crescentwood put. The member for Inkster thought it would be valuable to see this. I think members on the

government side wanted to have an opportunity to see the best practices. The Auditor has spent some time getting it ready, and I would suggest, Mr. Chair, it might be valuable if we proceeded with that.

Mr. Chairperson: Is there leave from the committee to proceed with the request?

Mr. Sale: No, there is not leave to vary from the agenda at this point. If the committee really wishes to see this, there is lots of opportunity to have a meeting to do that. It is entirely up to the Finance minister to make that happen. The member for Arthur-Virden (Mr. Downey) argued and the Clerk has pointed out that the agenda of the committee is the consideration of those reports.

The first time the Auditor mentions the issue of Public Accounts is in 1996-97, and if at that time in response to a question he wishes to make the presentation, he can do so, but I do not believe we should begin the presentation now because it is approximately an hour in length. By that time, it will be time to adjourn, and the government will then have achieved its goal of having no accountability at all during this meeting of the Public Accounts committee.

So let us stay with the agenda, and there is not leave on our part to depart from that agenda.

I have already indicated that if the three questions that are specific to 1995-96 could be answered, then we can pass those accounts. Otherwise, we are not going to pass anything today.

Mr. Gilleshammer: I will bow to the wishes of the committee. Might it be more acceptable if we deal with those first three questions and then have the Auditor's presentation? I understand it is about 20 minutes. There was some wish on the part of the committee to see that. I would offer that we could deal with those three questions and then have that presentation, if that is acceptable to the member for Crescentwood.

Mr. Sale: The three questions pertained in '95-96, during '95-96 the Auditor did not reflect particularly on the issue of the operation of the committee. Let us get on with that, pass those

accounts, and then the Auditor can do as he wishes in regard to response to agenda questions. If that includes the presentation, then so be it.

Mr. Chairperson: Mr. Sale can now ask his questions again.

Mr. Sale: Question 5: What were the total pension payments paid out under the three plans in those three years? If the minister has that, that it could be tabled, that would be fine; otherwise, we will try and make notes.

* (1050)

Mr. Gilleshammer: Just so we understand, the question is No. 5: Has the Auditor reserved an opinion in regard to the accumulated pension liability in the 1995-96 statement? The pension liability has been disclosed in the 1996-97 and 1997-98 statements. What were the total pension payments for the three plans in place by the province during fiscal years '95-96, '96-97, '97-98 on the pay-as-you-go basis? I have requested this information, and I can read it into the record.

Payments from appropriations as referred to in Volume 1 of the Public Accounts for 1995-96, in the Civil Service Superannuation Fund there was \$33.8 million; in the TRAF fund, it was \$50.9 million; in the MLA fund, it was \$1.4 million—for a total of \$86.1 million. In 1996-97, in the Civil Service Superannuation Fund, it was \$37.3 million; in the TRAF fund, it was \$54.5 million, in the MLA fund, it was \$1.4 million—for a total of \$93.2 million. In '97-98, in the Civil Service Superannuation Fund, it was \$43.1 million; in the TRAF fund, it was \$61.0 million; in the MLA fund, it was \$1.4 million—for a total of \$105.5 million.

Mr. Sale: Mr. Chairperson, the reason for asking that question was to examine the escalation of in excess of 20 percent in the two-year period concerned and to ask whether the government has any plans or policies that will move forward the question of the escalating costs of our public sector pension funds and how these are to be dealt with in the future. Does the government have any plans to deal with what is an extremely rapidly escalating cost picture?

Mr. Gilleshammer: Issues such as this obviously are of significant importance and will be reviewed in the lead-up to next year's budget.

Mr. Sale: Mr. Chairperson, question 4 in regard to '95-96, the estimated accrued liability. Discussions with the Provincial Auditor and with Housing officials suggest that, when the government actually devolved the responsibility, the liability that has been allowed for, or perhaps not entirely allowed for, was not adequate to deal with the deteriorative condition in much of our public housing, particularly the housing that was built in the early '70s, which is now closing in on 30 years old. I think any housing, any particularly multiple-unit housing that is 30 years old, always requires major improvement. The question is first directed to the minister: what is the accrued liability for existing housing stock? What is the total that we are allowing here, and did the federal government provide an adequate support when it made this huge transfer? That is the question to the Auditor. Is the allowance—I am not sure of the right terms, but is there any recognition that is adequate on the books for the liability for accumulated deterioration, need for maintenance and repairs on the books of the Manitoba Housing Authority? In the jargon of public housing, they are called replacement reserves or maintenance reserves. I do not know what the Housing department calls them when it is in the Public Accounts area. So there are really two questions there.

Mr. Gilleshammer: I am told that our agreement with the federal government took effect in October of 1998; therefore, this question actually relates to the 1998-99 fiscal year. This item should have been addressed during the Estimates review of the Department of Housing. The information the member is requesting will be lodged within the Department of Housing. There was a provision set aside for modernization, and this was matched by the federal government.

Mr. Sale: Mr. Chairperson, I had discussions with the Auditor in regard to this issue last year. The negotiations have been ongoing since '95-96, and the minister is correct, the final agreement was signed in October of 1998. I would like to ask the Auditor whether he is satisfied

with the provisions that were negotiated, which negotiations began in '95-96. Now, the minister correctly says it is '98, but we have always in this committee understood that there are many multiyear implications. I am asking for the implications of something that started in this statement. If the minister wants to say that we should wait until we consider '98-99, I guess we will be waiting a long time. I know that the Auditor had concerns more than a year ago about this issue as the process transferred over. So I would like to ask the Auditor: is he satisfied that the allowances that have been made in this process were adequate or not?

Mr. Singleton: I am sorry I cannot answer that question today for the members of the committee. That particular year is currently under audit. I am aware of the sensitivity that you and other members of the Legislature have raised with respect to this, so that we will in fact specifically consider that during the upcoming audit.

One of the steps that has been taken that I think will help deal with this issue in the current fiscal year, that is '99 to the year 2000, is the adoption of capital asset accounting by the government. Essentially, to understand the cost of this program, you really need to have an asset set up there. You need to have a reasonable estimate of what the asset is worth and then a process for writing it down or depreciating it over the years. That will not be happening in the '98-99 statement because that policy just began on April 1 of '99, but it would be prudent to make sure that the '98-99 amounts that are recorded will be helpful in terms of setting up the capital asset in the subsequent year.

Mr. Sale: Mr. Chairperson, did the provincial government do an independent audit or a third-party audit or any audit in fact of the capital value of the housing stock for which responsibility was negotiated from 1995-96 onwards to be transferred to the province? Was a thorough audit done prior to negotiating the transfer?

Mr. Gilleshammer: Mr. Chairman, as I indicated in my earlier answer that this, through our system, should have been an issue raised during the Estimates of the Department of Housing. We do not have that information here

but on behalf of the member for Crescentwood would consult with the Minister of Housing and get that information.

Mr. Sale: I appreciate the minister saying that he will consult with the Minister of Housing. We would expect to get an answer about the same time we get answers to other questions like that.

I would suggest that the minister is quite simply wrong, that any matter of accounting is proper subject matter for this committee, and one could say that any question that might be asked by the minister's previous answer is something should have been asked in Estimates. The whole point of Public Accounts is it is after the Estimates process. It is after the books have been closed, and it is perfectly appropriate to ask questions on any department, on any issue. I mean there are two and a half inches of stuff here that records every single expenditure including expenditures on the maintenance of housing. So that is why in 1991 this committee agreed that it would have questions in advance of its meetings so that departmental inquiries could be made. I appreciate that, on the short call of the meeting, there was not time to do that. That, I think, is the right answer, but to say that it should not be asked here I believe is incorrect.

Be that as it may, let us move on to the question of the Quebec shuffle. I understand that the—

Mr. Gilleshammer: Can I just respond?

Mr. Chairperson: The honourable minister wants to respond.

Mr. Sale: The minister can respond. I do not have any problem with that, but, when someone has the floor, I do not believe that you automatically take the floor away from them because they are continuing to ask a question.

* (1100)

Mr. Chairperson: I am not taking the floor. The member for Crescentwood has the floor. It is just a comment from the honourable minister that after your opportunity is exhausted, then he will respond.

Mr. Sale: Okay, fair enough.

Mr. Gilleshammer: Thank you, Mr. Chair. The member for Crescentwood can lace his comments with sarcasm. I think part of the whole idea of reform of this committee was to try and take the politics out of this. I am trying to be helpful in telling him that the Estimates are still going on. The 240 hours have not expired. That is the appropriate place to get detailed answers.

Having received these questions late yesterday, we were unable to have an answer prepared for him. I indicated my intention of consulting with the Department of Housing and providing him with that. Part of his answer, I understood, was that was acceptable to him.

Mr. Sale: Mr. Chairperson, I understand that income tax rules are that you cannot disclose any individual taxation situation. In fact, the minister may not even be aware of it, probably should not be aware of it under our Income Tax Act, but the minister is capable of finding out whether or not the legislation that we passed in 1996 to prevent the so-called Quebec shuffle, which has now been legislated in other provinces, and in fact Quebec has now finally co-operated on this issue within the last year. The minister is capable, I think, of answering whether capital gains taxes owing to the province which could have been mitigated by use of the so-called shuffle, have in fact been paid and whether the so-called shuffle was effectively prevented by the legislation of 1996.

I am not asking him to answer in regard to the owners of the Jets. I am asking in regard to the effectiveness of the legislation passed in 1996 to mitigate the effects of the Quebec shuffle on all companies that might have made use of it in Manitoba. Does the legislation work? Did we get what we were owed?

Mr. Gilleshammer: The question asked here is: have the previous owners of the Jets paid all capital gains taxes owing to the province under the legislation passed, during 1996, to prevent the Quebec shuffle or any variance used by the previous owners to avoid paying capital gains taxes?

This question was put to me by letter some months ago. I responded to the member, and I respond to him now by saying that Revenue Canada administers these provisions, along with Manitoba's income taxes, and has assured me that the provisions will be enforced. Information on capital gains taxes paid is confidential information between the taxpayer and the Government of Canada. Revenue Canada, under the Income Tax Act, cannot release this type of information.

Mr. Sale: Mr. Chairperson, did the minister or his staff ask Revenue Canada whether the legislation was effective in the taxation year 1996, or whether the very careful words he used in the letter which were "will be" enforced? The question is: has it been enforced in the year in which it was passed?

Mr. Gilleshammer: I am told it is being enforced by Revenue Canada as returns are being filed.

Mr. Sale: I propose that we pass '95-96.

Mr. Chairperson: Public Accounts Volumes 1, 2, 3, and 4 for the year ended March 31, 1996—pass.

Volume 1 of March 31, 1996, Auditor's Report. Shall the report pass?

Mr. Sale: Mr. Chairperson, I would like to ask the Auditor whether there are any particular comments he would like to make in regard to that volume prior to our passing that report.

Mr. Singleton: No, I have no particular point to make on that report.

Mr. Chairperson: Volume 1 of March 31, 1996, Provincial Auditor's Report—pass.

Provincial Auditor's Report on Public Accounts and the Operations of the Office of the Provincial Auditor for the year ended March 31, 1996—pass.

Annual Report on the Operations of the Office—no, we passed all the 1996. Is there still a desire for the audio-visual presentation?

Mr. Sale: I believe we should simply go on with the meeting, and I think that it will be up to the Auditor in response to the question, under committee process, as to what we do at that point. I want to ask that question of the minister and of the Auditor. The minister has already responded in part, saying that he cites the letter which, actually having cited it, I believe he should table it with the committee. I think that is one of the rules that we generally follow, that is, if you quote from letters in one of our proceedings, that the letter is tabled. So I think that, for the record of the committee, that letter should probably be tabled. I would ask the minister if he could do that, just as a matter of record.

But I would like to know whether there has been anything other than the letter that the minister cites in regard to the follow-up from the special meeting, because at that last meeting of the committee, which was February 11, 1998, there was a long discussion and an agreement in that meeting I believe that we would have a quick second meeting within a month or six weeks, the previous Finance minister. I think, if you review Hansard, you will find that that is the nature of the discussion we had at that point and that we would, at that point, agree on a process. The member for Inkster (Mr. Lamoureux) suggested a small subcommittee to reform the Public Accounts. Unfortunately the government chose not to call another meeting of this committee for some 18 months from that point onward. So, in general, has there been anything that happened since February 11, 1998, other than the letter, which, I hope, the minister will now table?

Mr. Gilleshammer: Just a matter of procedure, my understanding was that we were going to have a 20-minute presentation and that committee members wanted to see that. I ask for your direction. Are we going to proceed with that or not?

Mr. Chairperson: What is the pleasure of the committee? Is there unanimous leave to see the presentation of the Provincial Auditor? [agreed] So we shall proceed.

* (1110)

Mr. Singleton: Mr. Chairman, it will take two or three minutes to set up, and we will have to ask people to move because the camera will look in that direction.

[Audio-visual presentation]

I understand the interests of the committee in this presentation and the interests of me keeping it relatively brief. I have—and maybe I will pass these around for members of the committee—copies of the slides set up in a format that you could take notes if you want to. In order to keep within the time frame you would like me to stay within, I am going to have to go over some of the slides fairly quickly and just sort of skip ahead to the more critical ones that you might be interested in.

The other thing I draw your attention to is this is an exact reproduction of the presentation I made before the report to the Legislature was issued, so you will see some slight differences in terms of the recommendation we make in the report to the Legislature as to the recommendation that is in here. Okay, so we will skip through the vision and mission of the office and the purpose of the presentation.

In 1994 a survey was done of Public Accounts committees across Canada, and at that time it was identified that Manitoba met the fewest of the guidelines issued by the Canadian Council of Public Accounts Committees. That led me to think that it would be useful to meet with members of the committee to talk about what steps could be taken to improve the functioning of the committee.

So what I want to do is briefly overview the guidelines of the Canadian Council of Public Accounts Committees, compare our procedures in Manitoba to those and then the whole purpose of that is to provide input into your deliberations in terms of what makes sense from the Canadian guidelines to be adopted in the Manitoba context. Every committee, of course, across the country has modified these rules to suit their own circumstances, and it is not like a cookie cutter thing that needs to be imposed on the committee in total. The Canadian Council represents—all the provinces are on that, plus the federal Public Accounts committee, and it was in

1987 that it struck a subcommittee to develop the guidelines that made the review, and then they were adopted in an informal way by the Canadian Council in 1988.

The things I want to go through are the role of the PAC, its responsibilities, the rights that a typical Public Accounts committee has, some information on membership and the possibility of a steering committee and some meetings and procedures that the Canadian Council has suggested.

So the Public Accounts committee is recognized as a key part of the accountability cycle. It is the part that closes the loop between the government initially seeking permission of the Legislature to raise revenues and spend funds and then to count back to the citizens in its public accounts and be challenged on that by the Public Accounts committee. It should be supporting, in other words, the effectiveness governance functions of the Legislature and should hold the government accountable for its management of the public purse. It should operate in a nonpartisan way because its interests are the interests of the citizens.

One of the key things—and there are always going to be grey areas around there just to make it a little difficult—is that it is not concerned with government policy as such, but rather with the value for money in the implementation of that policy. In other words, the Legislature itself is a place where policy is debated. At the committee, policy typically is taken as a given and its implementation examined. Typically, the committee should have the right to investigate all government expenditures and other financial transactions. Part of its role, as well, is to hold public servants accountable for their performance of their administrative duties and to make recommendations to eliminate waste or mismanagement where they encounter that.

Typically, there is a partnership relationship between the Provincial Auditor and the committee. It is important to maintain a constructive relationship with the government.

Its responsibilities include preparing a written description of what its mandate is, a document of its operating principles and

practices. Some of the typical elements of a PAC mandate are that it is derived from the Legislative Assembly itself, that it will examine the Public Accounts and all the Provincial Auditor's reports, that it will in fact report back to the Legislature, and that it has the power to summon persons, papers and records. Other typical elements, going back to the policy issue, it typically does not examine the rationale for government programs.

In terms of scope for the mandate, many Public Accounts committees include Crown agencies in their scope, value for money of divestiture of Crown agencies, systems to control transfer payments to other levels of government or nongovernment organizations, the value for money involved with program administration, and the government's compliance with its own legislative authority.

There are several challenges to the Public Accounts committee in meeting this mandate. One is to ensure the integrity of all financial matters, to make practical and feasible recommendations—that could take a lot of exploring; there are always many sides to issues—and treat civil servants fairly when they are examining them, because civil servants are at a bit of a disadvantage when it comes to dealing with politicians. Further challenges are to performance role, without making another full level of bureaucracy, and to become increasingly effective, and also to embrace and encourage new developments and techniques that will enable the committee to fulfil its mandate more completely.

The rights of the Public Accounts committee, as the Canadian Council has cited, should include permanent referral of public accounts, Provincial Auditor's reports, all financial statements and auditors' reports on Crown corporations and other agencies that receive funding from government—school boards, hospitals, et cetera—and the estimates of the Provincial Auditor's office, and an audit report on the Provincial Auditor's office as well.

Now see, that is a very wide scope, and it may be much farther than this committee is prepared to go at this time, but it is sort of important to see what the overall possibilities are

that the committee might want to consider. It should have the right to investigate all past, current, and committed expenditures of government and recipients of public monies, and should have access to all financial information and other documents it determines as necessary for its investigations, except those that are privileged.

Other rights would include the right to request the Provincial Auditor to make specific reviews, to review proposed legislative changes to The Provincial Auditor's Act and to a mandate of the Public Accounts committee. It should have the right to scrutinize the operations of the Provincial Auditor. After all, someone has to audit the Auditor and make sure the Auditor is behaving in an appropriate way. One cannot just assume that, I suppose.

The committee should have a right to make an annual report to the Legislature, as well to call witnesses. Often when the Provincial Auditor issues a report, the officials may have a different point of view or may have solutions that they want to propose, and that would be useful for the committee to have a discussion with them. The right to take testimony under oath, and the right to meet when the House is in session or when it is recessed or prorogued, and have adequate resources to fulfill its mandate.

Committee membership typically in Canada runs between five and 11 members. Usually they try to appoint them for the life of the Legislature. Because the Public Accounts committee deals with a lot of very complex issues, it is useful if the membership can be relatively continuous during the term of the Legislature so that, as people get up to speed with the accounting rules and procedures, they are able to be more effective, as time goes on.

Typically, in Canada, ministers are not appointed to the Public Accounts committee. Manitoba is unique in that respect. In talking to other committees, one of the things that they would argue is by not having a minister on the committee it tends to reduce some of the political tensions that can take place on a committee. Typically, representation is to match the Legislature rounded in favour of the opposition as long as it does not give the

opposition a majority, and, as in Manitoba, the chair should be a member of the opposition. Substitution, in other words, is discouraged because that is the idea of trying to have a committee operate with a continuous membership through the term of the Legislature.

* (1120)

Most Public Accounts committees in Canada have created a steering committee, a subcommittee of the Public Accounts committee to manage the agenda. Usually it includes the chair plus one person from each party caucus, and they meet in camera. They would also be reviewing sensitive documents that should not be made public and then part of the role is to monitor the progress of the committee. So a steering committee then typically would recommend to the committee an agenda, a number and timing of meetings and hearings, which witnesses should be called and the content and recommendations of the committee reports to the Legislative Assembly.

In terms of meetings and procedures, in camera meetings are not uncommon. Other jurisdictions where the PAC wants to be briefed on matters to be reviewed, to draft and approve committee reports and discuss any personnel matters and planned strategies regarding committee relationships with other committees and key leaders in the Legislature. They may also be held at the discretion of the chair to take testimony when dealing with matters under police investigation or where public hearings would constitute an unreasonable intrusion into the privacy of individuals or the evidence could affect the competitive position of a company.

Provincial Auditors should typically attend all meetings including the in camera ones except those that are being called to prepare a report on the Provincial Auditor himself.

Typically a form is required only if a vote is to be taken, and motions should normally be made at one meeting and then considered at a subsequent meeting, so that there is time to think about them.

In terms of comparing Manitoba to the Canadian Council's guidelines, part of the mandate of our committee is not described in

statute or rules and has not been documented by the committee as well. The scope of reports to PAC are not described in the statute or rules, are not documented, and by tradition are more limited than they are in other jurisdictions.

Reports are not required by the rules, and I do not think they have ever contained any recommendations to the government. The operating procedures and principles are not documented. With witnesses, there do not seem to be any provisions for calling witnesses. Our rules seem to only discuss reimbursement. I do not think any have ever been called, and the rules are silent on testimony under oath.

The review of the Provincial Auditor, in Manitoba the audit that is done on my office has been delegated to the government. We are the only province in Canada that does that as well, and LAMC approves the budget whereas in many other jurisdictions the Public Accounts committee is the one. It has the most interest in the Provincial Auditor's office and making sure that the resources allocated are appropriate.

Resources, the rules are silent. They are almost nonexistent, I would suggest. In Manitoba, I am not sure about the membership question, whether it is stable enough, but I would identify it as pretty reasonable.

Mr. Sale: Reflecting on individuals or the corporate?

Mr. Singleton: Not reflecting on the individuals. Everyone here is a very stable person. The minister, of course, is a member, which is unique in Canada. The steering committee, there is not one of course, and I am not aware of in camera meetings ever having been held in Manitoba.

Now I did want to acknowledge some of the recent improvements. In fact, the questions are now provided in advance. It gives both my staff and Finance staff the opportunity to prepare. At the time I made this presentation, meetings were being scheduled with more notice.

Just a snapshot, you can see that why in my report I identify that Manitoba meets fewer of the guidelines than any other jurisdiction. In this

particular case, I recommended that the committee consider creating a steering committee perhaps made up of the Chair and the Vice-Chair and one member from each caucus. I would be certainly willing to meet with that group if it was set up to help them.

My suggestion was that the steering committee would be a small group that could take time to go through the guidelines, tailor them to what makes sense in a Manitoba context, and then prepare recommendations to bring them back to the Public Accounts committee, and then the PAC could report, forward a report to the Legislature requesting that the Legislative Assembly give the committee the authority to implement those rules. That completes the presentation.

I do not know how you would like to proceed. I would be happy to answer any questions that anyone has on those, or we can resume the meeting.

Mr. Downey: I have a question, Mr. Chairman.

Mr. Chairperson: Questions are now being invited by the Provincial Auditor.

Mr. Downey: Mr. Chairman, I certainly think of that as a good overview that was presented to us. I think probably there is or should be some room for discussion within each caucus probably. I am pleased that the presentation was made. I think the Auditor has not taken us down the road quite as far as what I was led to believe by the member for Crescentwood (Mr. Sale) at the beginning of this meeting, and I think there is certainly room for discussion as the minister has indicated.

I do have one specific question that goes back to the role of the PAC, and comments that are made. That the PAC he is referring to is not concerned with government policy, rather with value for money and the implementation of the policy—how can you separate those two?

Mr. Singleton: Well, in practical terms, it can often be impossible to do so, but I think it is important to try to keep that in mind as the goal to which you are working. An example I can cite for you would be around the Fiscal

Stabilization Fund. Questions that would be appropriate for the Public Accounts committee would be to ask questions about what are the accounting rules and what kinds of entries have been made within the Fiscal Stabilization Fund, but the issue of whether or not there should be a fiscal stabilization fund really would not be a question that this committee would need to ask. That could be debated in the Legislative Assembly itself.

I will certainly accept there will always be some grey areas and difficulty in defining that.

Mr. Downey: I thank the Auditor for those comments, and, again, I think there is room and would appreciate further discussion with our caucus colleagues as to the presentation and how the government should wish to proceed with it following this presentation. I think that, for any members who have not seen it, it is a good informational piece which could lead to solid decision making as it relates to any change, or using, as the Auditor has used, the Manitoba example or in the Manitoba case, how we could do some reform that would in fact make it a more effective process. That is what is being driven at here. Although I have to say, I think over the past years that the Auditor in the process has not been unkind to serving Manitobans. I think at the end of the day the public have been very well served, I think, in most cases by the process that has been in place, but certainly I would not be one who is opposed to reviewing how it could work better.

Mr. Chairperson: In my speaking order list: Lamoureux, Sale, the Minister of Finance (Mr. Gilleshammer) and the Vice-Chair. Mr. Lamoureux.

Mr. Lamoureux: Mr. Chairperson, this is the second time that I have seen the presentation. In the first opportunity we were provided plenty of time to ask questions, and I think that for me there are no real questions that I could place at least at this point. What I would like to do, and see if there would be any sort of debate on it at this point, would be to move a motion. What I would move is

THAT we establish a subcommittee of this committee for the purpose of bringing forward

recommendations on the ways in which we can reform our committee and that the said subcommittee report back to the Public Accounts committee by the end of this year.

* (1130)

I would move that motion in hopes that we can have some dialogue. There are a few words that I would like to put on the record—

Mr. Chairperson: Can we have the motion in writing?

Mr. Lamoureux: It is. If it is possible, Mr. Chairperson, I would like to very briefly explain the motion.

Mr. Chairperson: Let me first put it on the floor.

Mr. Lamoureux: Sure.

Mr. Chairperson: Moved by the honourable member, Mr. Lamoureux

THAT we establish a subcommittee of this committee for the purpose of bringing forward recommendations on ways in which we can reform our committee and that the said subcommittee report back to the Public Accounts committee by the end of the year .

Discussions?

Mr. Lamoureux: Yes. Did you want an explanation of the motion just so that people are aware? I know other members—

Point of Order

Mr. Faurchou: Mr. Chairman, you ruled in the past motion you required a seconder before discussion took place upon the motion.

Mr. Chairperson: No. No. There is no need for a seconder. Not in committee.

Mr. Faurchou: Then why did you ask for it the last time?

Mr. Chairperson: We do not need a seconder.

* * *

Mr. Chairperson: The motion is now on the floor for discussion. Anybody wanting to discuss relevant to the motion?

Mr. Sale is second in order, but let Mr. Lamoureux explain first.

Mr. Lamoureux: Mr. Chairperson, as you may know, in the previous meeting that we had with the Provincial Auditor at the Provincial Auditor's office, where we had the full explanation of some of the different reforms, there was a lot of positive dialogue. I am sure the member for Crescentwood (Mr. Sale) would recall. We had members from all three political parties that sat across the table and recognized that it was important that Manitoba invoke some sort of changes. It was actually encouraging to see all parties in agreement for the need to see some change.

This is really the first opportunity which we have had as a committee to have a formal subcommittee of this committee, at least to venture into what sorts of changes are possible and bring back some recommendations, so it is not binding. Much like the member for Arthur-Virden (Mr. Downey) said, he would like for his caucus colleagues, some of them to get the briefing, others just to have some dialogue on it.

I think this is just something that would assist in facilitating that. It does no harm, I believe, by having the subcommittee, and then at the end of the day we know that there will be some report back to our committee as to the presentation that we have seen today and the possibility of having some recommendations put forward. I know all members of all political parties would be supportive of many of those recommendations. I think that it is a step forward, and it can be done in a very apolitical way and therefore give more strength in the future.

I put it for the end of the year so that there is a time frame which will ensure that there is going to be dialogue. We do not know who is going to be in government, but at least then there is an obligation for this committee to hear recommendations. I think that that would be a positive thing for the process, and I would ask for members to support that motion.

Mr. Chairperson: Speaking order: Mr. Sale, the Minister of Finance (Mr. Gilleshammer), Mr. Helwer and Mr. Downey.

Mr. Sale: Mr. Chairperson, I speak generally in support of the motion, but I am going to ask the member if he would agree to some changes. I had worded a similar motion whose intent is the same, but it would be clearer in terms of the committee if the motion that I had worded were substituted. So I want to read what I had proposed and see if the member for Inkster is in agreement. Basically, I would move that the recommendations of the Provincial Auditor to the committee be adopted, which were essentially process recommendations, and that the steering committee be convened by September 30.

Mr. Chairperson: May we have a motion on the floor.

Mr. Sale: I am not moving the motion, Mr. Chairperson, I am debating the motion by comparing it to another process. The point of this motion is that the Provincial Auditor was very clear on the composition of the committee, and the staffing resources to be directed to the committee. I think the composition is critical, of the committee, and the Auditor, as I recall, suggested the committee be comprised of the Chair and a member of each caucus, with the Provincial Auditor as staff, essentially staff resources to the committee, and that it do what the member for Inkster suggested: basically canvass the caucuses, review what is done in best practices in other parts in Canada, and then canvass caucuses in regard to their willingness to move the committee forward.

The purpose of the changes to the motion is that it would remove any ambiguity about the make-up of the committee and the fact that the committee was able to use the resources of the Provincial Auditor.

So I support the intent of the motion, but I want to ask the member whether he would agree to either amend or substitute the motion to be more specific about the recommendations of the Provincial Auditor before the committee today, so that it was clear how the subcommittee was to

be comprised, and it was also clear the resources that were to be attached to the committee.

Mr. Chairperson: Is there a wish to amend the main motion on the floor?

Mr. Lamoureux: Mr. Chairperson, just to answer the question put forth by the member of Crescentwood, as much as possible what I am hoping to achieve is the passage of a motion that will move us at least in some direction that is positive. I feel that, under the motion that I have put forward, at the very least there is a very good chance that it will get all-party support, and even though it might not necessarily be to the degree that each and every one of us would like to see, at the very least it is a step forward. So I am sensitive to what the member for Crescentwood—I appreciate his comments, but I would like to not change the motion unless there is unanimous support of the committee to change it with the idea of passing.

Mr. Gilleshammer: My comments were going to be only the presentation that was made by the Auditor, and I would reserve the right to come back to that. But I think that, in terms of just speaking to this motion, we are talking about a major reform here, and I tend to agree with the member for Inkster that his motion puts forward the ability for each of the caucuses to have this discussion, perhaps have this presentation, come back in a committee stage and be more informed and be able to represent our caucuses and make some movement on this. I am concerned that we also include the LAMC. This is the normal venue for discussions of changes in the Legislature, but I think the motion put forward by the member for Inkster can be accommodated. I think that, in going any further than this, you are starting to move toward implementation before it has been discussed within the caucuses.

Mr. Edward Helwer (Gimli): I think the minister kind of said what I was going to say actually. I guess, having been Vice-Chair of this committee for a number of years and having attended many annual Public Accounts conventions and meetings in different parts of the country, I realize that Manitoba has somewhat operated differently than most other provinces in Canada. So I think, by reviewing this, we can probably bring our Public Accounts Committee

to something that is going to be more effective and do the job that it is supposed to do actually.

I would be certainly in favour of the motion that Mr. Lamoureux presented. I would be prepared to take it to our caucus and have a discussion in caucus whether or not we would want the Auditor to make a presentation on it. We would have to decide that, but I certainly would support this.

Mr. Downey: Again, I think, as I said at the outset, I do not believe that the public have been badly served by the activities of this committee and/or by the Provincial Auditor. I think that there have been explanations and certainly public review of what has taken place with all governments in the past. That is not to say that there is no room for improvement, and that is what we are looking for.

I think it is important also to put on the record, as the member for Crescentwood (Mr. Sale) has put forward, that suggestion would be leaving the government without a majority on the committee, which I do not think in any elected system would be appropriate. Well, that is what it would end up with, a proposal that the Chairman would be there, and a member from each caucus would put the government without the majority on the committee.

But, having said that, I agree with the member for Inkster (Mr. Lamoureux). I think it is a first step to get it into the process of review by the respective caucuses. The next step is to come back after each member has the full understanding of what this committee would be wanting to move and adopt. I think it is a good first step, and I have supported it as well.

* (1140)

Mr. Sale: I would like to ask if the motion could be clarified by the member for Inkster, and whether then the minister speaking for the government agrees with the clarification. What is the member for Inkster's understanding of the subcommittee that would be established? What is the composition of that subcommittee that would be established given that the Auditor's recommendation, which was what I was speaking about, was that it be comprised of the

Chair and a member of each caucus, which would be approximately four plus the Vice-Chair was his recommendation?

In my proposed alternative motion, I was not suggesting that the subcommittee adopt all of the PAC guidelines. I was suggesting that the subcommittee adopt the recommendations of the Auditor at the end of his presentation. If we are unclear about what those were, then let us put them back up on the screen so that we can see what they were. What I hear coming from the government is a desire to control the subcommittee, just as they control all other committees, so that in effect we would be still in this dance until this government is defeated basically. There would be no progress made. That was the reason that I suggested that we follow the Auditor's recommendation rather than have a generally worded commitment to establish a subcommittee. That subcommittee will undoubtedly not have a capacity to act if the government wishes it not to act.

So I am appealing to the member for Inkster to understand that the reason for wanting to have some clarity on this issue was that has precisely been the problem in the past. We have not had any clarity, and nothing has happened as a result. So I want to speak further to the motion, but I want to ask first for that clarification.

Mr. Chairperson: Can the mover clarify what he meant by subcommittee of this committee?

Mr. Lamoureux: My pleasure, Mr. Chairperson. One of the privileges that I have had in the past was to work on an ad hoc committee of the Chamber where we came in with the provisional rules. When we did that, it was a balanced committee. The government did have a majority representation on it, but I think that the will was there to make the changes. I saw that very same will, as I am sure the member for Crescentwood saw, back in January of '98.

I would anticipate as a party we do not technically qualify as a caucus, so under what the Provincial Auditor would be proposing would we have representation there?

I would go back to what has worked personally for me, and I would argue collec-

tively for the Chamber, when we came up with the rule changes, it was an ad hoc sub-committee of sorts. This is a little bit more formal, a given, but I believe that the will is there to bring forward recommendations. I saw that will first back in January. I believe that if we handle this thing right, there is no reason why we cannot have the subcommittee established soon, with the idea that that subcommittee is going to be bringing forward the recommendations before the end of the year as to the future direction of Public Accounts. As I say, it is a starting point and if we get burnt, then we might have to go back to what the Provincial Auditor's recommendation was in the future. I choose to believe that we will not get burnt this time around.

Mr. Gilleshammer: I tend to agree with the member for Inkster. I think we are taking a major step here towards reviewing the recommendations of the Auditor and bringing about some true reform. I have been here since the same day as the member for Inkster in terms of our electoral experience. I think where there is a will to move on things, that it does take time, but we have made other changes that have been accepted by all three caucuses, by accepting that there is good will and a desire to change. So I would support this motion.

I would just add that part of the report that I recall from the Provincial Auditor is that this should also be considered in relationship to the number of Estimates hours. Manitoba has probably the most archaic system where we are tied into 240 hours, where most other jurisdictions do it in much less time. I believe, in the Auditor's report, I saw a comment that this reform should be also made in relation to the Estimates hours. I do not know whether the Auditor wants to report on that or comment on that.

Mr. Chairperson: Would the Auditor want to comment on the suggestion of the relationship between the meeting of this committee and the Estimate hours of 240 hours?

Mr. Singleton: Yes, Mr. Chairman, I will just reiterate what I actually said in the report. That was that it may be, and I used the word "may," appropriate to consider the changes to the

committee in context with changes in the Estimates process. Essentially, what is being considered here is moving more of the consideration into the Public Accounts committee and away from the Estimates, but that is clearly up to the members to make those kind of trade-offs.

Mr. Sale: Mr. Chairperson, I move

THAT the motion be amended by adding the words "as recommended today by the Provincial Auditor" after the word "subcommittee" in the first line.

Mr. Chairperson: Where will you insert the phrase?

Mr. Sale: After the word "subcommittee" in the first line of the motion currently before the committee, which would then read I move that we establish a subcommittee comprised as recommended today. You could read the words. It is in the first line of Mr. Lamoureux's motion, just adding the words after the word "subcommittee."

Mr. Chairperson: I am putting the question on the motion to amend.

Mr. Sale: Well, before you do that, I think there might be a will to discuss it.

Mr. Chairperson: We might as well discuss it.

Mr. Sale: Mr. Chairperson, again, the reason that I put this forward is that the members of the government talk about good will, and I am always glad to hear them do that, but I cannot help but be a little questioning as to whether, given that we have had 18 months since the last meeting of this committee, and we had essentially the identical discussion at the last meeting of the committee, the only thing we did not do at the last meeting was get agreement to actually move this motion. So I suppose the agreement to move the motion is progress, but at this rate, it will be very slow.

I think the subcommittee is a subcommittee of this group in which the government has a clear majority, so the subcommittee is reporting to a group in which the government has

complete control. I believe that the Auditor was wise in specifying the composition of the committee and that that is what we ought to do. I agree with the member for Inkster (Mr. Lamoureux) that we should move as speedily as we can to get on with the process. But we are not going to get very far if essentially the government has control of the subcommittee as well and then uses that control to delay any further reform. Now, mind you, it may not be government by then, so that may be a moot point.

But the reason for the amendment is to comply with the recommendation of the Provincial Auditor, which, everyone seems to think, is a good idea until it actually comes to doing something.

Mr. Downey: Mr. Chairman, I do not agree with the member. I think the member for Inkster said it pretty well, that he has seen, through the experience of working with this government, the demonstrated will to move and proceed in a progressive way. He has put his confidence in that. He is not a member of the governing party. He is a member of an opposition party as well. I think that shows good confidence that we have been on the right road, we have done the right things, and he is confident this subcommittee will equally do the same kind of an objective job of reforming this committee if all members of the committee decide so when the subcommittee reports back. So I think we should have the question on the amendment and proceed to get on with the other activities.

Mr. Chairperson: The question being called on the motion to amend. The motion to amend is to insert the phrase "as recommended today by the Provincial Auditor" after the word "subcommittee."

An Honourable Member: Question.

Mr. Chairperson: All those in favour. All those opposed. Motion to amend defeated.

The main motion, without the amendment.

* (1150)

An Honourable Member: Could you read it please, Mr. Chairman?

Mr. Chairperson: THAT we establish a subcommittee of this committee for the purpose of bringing forward recommendations on ways in which we can reform our committee and that the said subcommittee report back to the Public Accounts committee by the end of the year 1999.

I might as well specify 1999.

All those in favour.

Mr. Downey: Mr. Chairman, question. You did not read it right, Mr. Chairman. It was not 1999 written on this motion. It is "by the end of the year."

Mr. Chairperson: It is "by the end of year." Does the member mean the fiscal year or the calendar year?

Mr. Lamoureux: The year 1999.

Mr. Downey: Well, it is not on here.

Point of Order

Mr. Downey: Mr. Chairman, point of order. He did not read what was written, and that is extremely important.

* * *

Mr. Lamoureux: Mr. Chairperson, if need be, what I would do is ask for leave of the committee to add "1999" immediately following "year." So it would then read "by the end of the year 1999."

Mr. Chairperson: That is a friendly amendment by the mover, so we will just read it in.

THAT we establish a subcommittee of this committee for the purpose of bringing forward recommendations on ways in which we can reform our committee and that the said subcommittee report back to the Public Accounts committee by the end of the year 1999.

All in favour.

Some Honourable Members: Agreed.

Mr. Chairperson: All opposed? Unanimously adopted.

What is the will of the committee? Shall we proceed to the main business?

Mr. Sale: Mr. Chairperson, as far as I know, there was no adjournment time set, and that discussion was not held at the beginning of the committee as it usually is. What is the understanding of the committee? We sit till 12:30? We sit till 12? We sit till tonight at nine?

Mr. Chairperson: What is the pleasure of the committee?

An Honourable Member: Twelve o'clock.

Mr. Chairperson: Is that the will of the committee to rise at 12? [agreed]

Mr. Sale: Mr. Chairperson, I have a number of questions in regard to the business before the committee now which is 1996-97.

I think that the first question that I would like to move to has regard to the question of the sale of the Manitoba Telephone System. The Telephone System was sold at the end of 1996. There were very major expenditures incurred by the government, including some \$40 million in sales and legal fees, other fees. Many of the costs were deducted from the proceeds of the sale, as would be normally the case in an IPO, but given that the sale was of a Crown asset, I am asking if the Auditor could identify all of the expenditures, including commissions, legal fees, promotional material done by advertising agencies, both on behalf of the then Crown corporation and on behalf of various government groups. So I wonder if the Auditor is able to identify those costs.

Mr. Gilleshammer: Mr. Chairman, I believe the—

Point of Order

Mr. Sale: Mr. Chairperson, on a point of order, the question was addressed to the Auditor, and I think that is who I would ask to respond.

Mr. Chairperson: The question is being addressed to the Provincial Auditor. Does the Provincial Auditor wish to speak before the Minister of Finance?

Mr. Singleton: Well, perhaps I will just make a brief comment, Mr. Chairman.

Mr. Chairperson: Okay.

* * *

Mr. Singleton: I think in this case, this question is most appropriately answered by the Department of Finance. There is always a bit of a conundrum in terms of what information I should make public versus what information the government should make public, and then I comment on it once it is made public. In this particular case, I think it is most appropriate that the department provide this information.

Mr. Gilleshammer: Mr. Chairman, this was question 8 as submitted yesterday, and I would like to read it into the record: Could the Auditor identify the expenditures related to the sale of MTS which were incurred in the 1996-97 fiscal year by various government departments such as I, T and T, Finance or other departments related to feasibility or other studies or research related to the planned sale and for the cost of the sale itself?

I would answer that by indicating departments did not incur any expenditures related to the divestiture of MTS in 1996-97. The costs of feasibility and other studies and the costs related to the sale were paid out of the divestiture proceeds as shown on pages 1 to 13, note 7, of the 1996-97 Public Accounts.

Mr. Downey: I wonder, seeing that we have said the committee will rise at twelve o'clock, it is awfully hard to see the clock from here, Mr. Chairman. Maybe you could accommodate the members of the committee.

Mr. Chairperson: We have approximately two minutes.

Mr. Downey: Thank you.

Mr. Sale: Mr. Chairperson, is the minister saying that there were no studies of any kind that were done by government prior to the decision to sell the Manitoba Telephone System, that no costs of any kind were incurred by government, that entirely all of these costs were charged to

MTS, no consultants hired by government, et cetera, or is he simply saying that after the fact government deducted those costs from its proceeds?

Mr. Chairperson: Saved by the bell. Twelve noon. Committee rise.

COMMITTEE ROSE AT: 12 p.m.