



Legislative Assembly of Manitoba

HEARINGS OF THE STANDING COMMITTEE

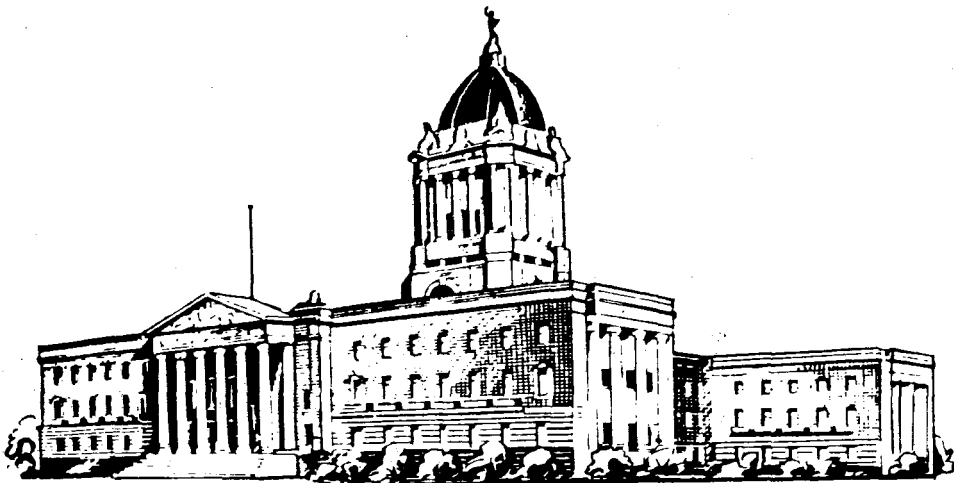
ON

PUBLIC ACCOUNTS

Chairman

David Blake, M.L.A.

Constituency of Minnedosa



10:00 a.m., Thursday, March 14, 1974

PUBLIC ACCOUNTS COMMITTEE

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MR. CHAIRMAN: Well, gentlemen, we'll call the meeting to order and . . .

MR. CHERNIACK: Mr. Chairman, I'd like to raise something on a matter of order.

MR. CHAIRMAN: Mr. Cherniack on a matter of order.

MR. CHERNIACK: Mr. Chairman, members will recall that at the last meeting we had agreed to deal with the report of the Provincial Auditor as an introduction to the meeting's deliberations, and I had indicated that I also had sample estimates prepared, sort of in the form of the Quebec and Ontario Estimates, to give us an opportunity to compare the three forms, three types, and what I propose to do is to have Mr. McKenzie from the Department of Finance lead us through it so that we could understand it. What I had planned and still would like to suggest, is that if we have these forms, familiarize ourselves with them, make sure that we distribute them to the rest of the members of the Legislature, then when the Committee on Estimates deals - Supply Committee - deals with the Department of Co-operatives they'll have the three sets of forms and will be able then to judge which type of presentation is more helpful for consideration, in the future, of estimates.

Now last week we dealt with scope of audit only, and I wanted to suggest that we should make sure that whatever we discuss this morning should not stand in the way of our distribution of these forms and becoming familiar with them, because we may be going into the Department of Co-operatives in Committee of Supply fairly soon and I thought it would be useful that we have that, so my suggestion is that we don't let the morning go by without distributing the forms and having Mr. McKenzie lead us through them, and then possibly Mr. Ziprick could comment on those forms. That's my suggestion.

Mr. Chairman: Does that meet with the approval of the Committee? Would you like to proceed with that now or . . .

MR. CRAIK: Mr. Chairman, could we have these forms distributed first? I think it would probably be, you know, the best time-saving procedure if we could look at them, review them, before we had to start asking questions.

MR. CHERNIACK: That's my point, but the only thing I have suggested was that Mr. McKenzie, who prepared them, could just indicate to us how they are set up, how they differ, and what the . . . Now if Committee feels they don't want that introduction or description by Mr. McKenzie we can do without, but frankly, I haven't reviewed those forms and I think it would be helpful because they are a little complicated and it would be, I think, good to have Mr. McKenzie's professional guide through it. I don't think it should take too long. Is Mr. Craik saying that he'd rather not have that?

MR. CRAIK: Well no, I thought it would probably be a better investment of everybody's time if we could familiarize ourselves with the forms and then we could probably ask more intelligent questions of Mr. McKenzie.

MR. CHERNIACK: When?

MR. CRAIK: Well at the next opportunity, assuming that we meet again.

MR. CHERNIACK: Well, but we may be dealing with the Department of Co-operatives before that opportunity and I thought that the whole House should have that opportunity to have them before them and deal with them any way they like. Mr. Uskiw has been preparing himself to be able to deal with them in any of these matters as well, so I thought it would be more useful to have the experience in the House of having these forms before us. Now if members are satisfied with the existing manner of presentation of estimates, okay, but my impression is that members are not or at least that the auditor thinks that there is value in going to the others.

MR. CRAIK: I don't think that's the question, Mr. Chairman, but if it's satisfied, then perhaps we should take not less than the last half hour of this morning to review these forms and then it means that we can continue with the other business.

MR. CHERNIACK: Well, Mr. Chairman, I really don't care. It's for members to decide whether they want to try them out and see if they are of any value or not, so I made the suggestion, they are available, Mr. McKenzie is here. He can't come into the House to start explaining them but, on the other hand, if Committee and mainly members of the Opposition would rather not, you know, it's up to them to decide.

MR. CRAIK: No, we're not disagreeing at all, Mr. Chairman, with what the Minister said. All we're talking about is the timing and the last suggestion is that if it's better to be

(MR. CRAIK cont'd) . . . led through them rather than first review them ourselves, then fine; let's take not less than the last half hour of this morning's meeting to do so, but there is other business that's under way.

MR. CHAIRMAN: Mr. Craik is suggesting that the last half hour of this morning be devoted to perusing the reports that Mr. McKenzie will lead us through. Does this meet with the approval of the committee?

MR. CHERNIACK: That's fine.

MR. CRAIK: Not less than the last half hour, yes.

MR. CHAIRMAN: Gentlemen, I have a letter addressed to the Committee from Mr. Craik, which I will read. "I am writing to inform you, as chairman of the Public Accounts Committee, that I intend as the first item of business at our meeting on March 14th, to introduce a motion instructing the Provincial Auditor to undertake an investigation of the financial statements of a number of fishing co-operatives for the purpose of establishing whether their financial records are complete and intact and whether they have been audited or are capable of being audited, and to request the auditor to make his report on this matter directly to the Public Accounts Committee."

MR. CRAIK: Well, Mr. Chairman, I think the best thing to do would be for me to read the motion into the record so that it can then be discussed and decided on whether it would be agreed upon. So, Mr. Chairman, in that order I would move, seconded by Mr. McGill, that the Provincial Auditor be instructed to examine records of the Department of Co-operative Development and the fishing co-operatives, assisted by the Department, to ascertain:

(1) whether all financial records, source documents and statements are complete and intact; and (2) whether such financial statements have been audited or are capable of being audited; and to provide a preliminary report to this committee within two weeks; and further, that the Provincial Auditor as an agent of the Legislature, indicate whether the financial affairs of the Department and the co-operatives have been organized and conducted on a sound basis; and further, to provide up-to-date statements on the financial affairs of all provincially assisted fishing co-operatives.

Mr. Chairman, I'll send up copies of this and then if the Minister in charge and Mr. Ziprick would like to have a look at it, it will give you the specifics of the motion.

The motion is made, Mr. Chairman, because of a number of things - first of all the question mark regarding the operations of the northern co-operatives as it's been aired in the Legislature. Secondly, there's been an undertaking by the Attorney-General's Department, or an instruction to the Attorney-General's Department to investigate any criminal aspect potentially, that might potentially be involved, but what this does is complement that and I think puts the auditor in the position of examining on behalf of the committee the affairs of the operation of the co-operatives over the last year and the affairs of the department, and doesn't in any way duplicate or take away from any other investigations that might be carried on by the Attorney-General's Department. It would appear from everything that has been presented in the Legislature that if there is a problem, the problem is a matter of procedure in administering financial affairs, and if that is the case, then the responsibility for investigation and report on public moneys lies pretty clearly in the realm of responsibility of the Provincial Auditor.

Now I would think that another aspect would lend itself to undertaking this responsibility. We've had indicated to us by the Minister and by the Auditor, the Auditor's department people, that we are going to be presented with a format for presentation of estimates for the future, and the example that was mentioned last day was the Department responsible for Co-operative Development. This is secondary, really, to what we are after. What we are really after, at this point, if a full examination of the procedures to determine whether the procedures that are being used are adequate or whether in the period of the last two years there have been improprieties in the operation of the co-operatives in an area that involves the co-operatives themselves, the Department of Co-operative Development, and will certainly involve, to some extent I presume, the federally responsible Freshwater Fish Marketing Board. But out of all of these, there is a very definite and clear responsibility for this to be a provincial undertaking to determine what our present state of affairs now is.

Now the question is, the next question is: is this the role of the Provincial Auditor? And Mr. Chairman, I don't think we've ever had a more clear case where a decision is required as to whether our Provincial Auditor has the power and the responsibility delegated to him by

(MR. CRAIK cont'd) . . . legislation where he can go in and make this examination, and I think that in reading the Act there's not much question about it, that if this committee, unless he is prevented from undertaking this examination by the committee, he is going to have to do it anyway and report back to us perhaps a year from now. So what I suggest, Mr. Chairman, is that it's not only a responsibility for the Auditor to examine all these things, in light of the information that has come forth right now in the last two or three weeks I think that it's in the public interest to have him move up the schedule and carry out his examination, and at least present back to this committee at this session of the Legislature, a preliminary report if not a full report if he can get it done, and the motion here asks that a report, a preliminary report, be provided in two weeks. Now I think we want to hear from the Auditor if he has the opportunity to speak on this, whether that time imposition is realistic or not, but in view of the information that we have, time is important here in determining what the state of affairs is, within the period of the life of this committee at least, and hopefully a preliminary report in a matter of a couple of weeks or so.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Well, Mr. Chairman, there have been many allegations made that range from charges of fraud against civil servants up to charges that cabinet members were informed of certain fraudulent acts and didn't do anything about it, and none of these allegations need necessarily be true. Some of them may be matters that have nothing to do with the auditor or the police, and they are made on the broad scale, broadside attack. The matter has been referred to the Attorney-General to bring in the proper people who are trained to investigate for criminal acts, and that is on track. The auditor has reported on the Department of Co-operative Development and can continue to do so, and can do so on a speeded up basis if he so asked, but I don't think he has any authority - and we can ask him - but I don't think he has any authority to audit the records of fishing co-ops or any organization that does not come under the responsibility of the government as such. The motion ends by the statement, "to provide up-to-date statements on the financial affairs of all provincially-assisted fishing co-operatives," that goes well beyond, I believe, the scope of the auditor's responsibility. Certainly he would be in a position to do the audit on co-ops and he has indicated to us in the past that he feels his responsibility is to do whatever is drawn to his attention to be done, but I don't think really that this committee has the authority to order him to do anything. He can do things on his own or I believe that the Lieutenant-Governor has the right to ask him to make special investigations, but I don't think this committee has any authority to get involved in the business of the House. The authority, I believe, of this committee and the responsibility, is to review public accounts, and that's our task and I think that's what we ought to be doing.

MR. CHAIRMAN: Mr. Ziprick, did you wish to comment on the . . . ? Mr. Turnbull.

MR. TURNBULL: The appropriate thing for the committee to consider would be whether or not the motion that has been put to the committee is in order before we get involved in asking civil servants to comment on what they can or cannot do. The motion -- well, I'm on a point of order -- the motion that we have before us certainly seems to me to be one that would enable the Provincial Auditor to become involved in a range of investigations far beyond what the Auditor-General in Ottawa or any other provincial auditor would become involved in. For example, it would seem to me that if this motion is in order and if this committee can order the provincial auditor to do certain things, to make certain investigations, that then he would be empowered by that precedent presumably to examine the accounts of any private entrepreneur handling government funds, including all those who collect tax under the Revenue Tax Act, so that if in fact we are to entertain the motion, then we would be, I think, setting a precedent which would be unsatisfactory. The motion I think is -- well, Mr. Craik mentions the word "stupid". That's precisely the term that I would apply to the motion. I think that you should perhaps rule now on the motion or put the question on it.

MR. SPIVAK: On the point of order, Mr. Chairman.

MR. CHERNIACK: Mr. Chairman, for the record I think it should be indicated that Mr. Spivak, as a member of the Legislature, has a right to speak. I'm not sure that he has the right to raise procedural matters. That maybe should be cleared just for the record, for the future.

MR. SPIVAK: Fine. But, Mr. Chairman, . . . speak on the matter. First of all, Mr. Ziprick is not a civil servant and I think we should establish that immediately. He is an officer of the Legislature, and once we've established that, we may then realize his

(MR. SPIVAK cont'd) responsibilities. I think if the opportunity was given for Mr. Ziprick to speak, that this would be cleared up, and I think that that is what should happen. I think Mr. Ziprick does have the authority, if this committee gives him that authority, to do what is requested, and I think, Mr. Chairman, that if he is given that authority he will do it and undertake that in a proper manner. What he is being asked to do is not what the Attorney-General has been asked to do - by no means. The various private co-operatives, private businesses are in fact audited by the Department of Co-operative Development. It's a very different kind of situation because there is a direct involvement by civil servants in the affairs of these fishing co-operatives, and that has nothing to do with the whole question of the range of public moneys that have been put into these private co-operatives, which I believe Mr. Ziprick, as an auditor, has a right to trace through for the province if requested. So I think that this is within his scope and without question he is answerable to the Legislature and to this committee, and if we decide that this is in the interest of protecting the people of Manitoba, he would undertake that responsibility, and I would really like to hear from him.

MR. CHERNIACK: Mr. Chairman, on the point of order.

MR. CHAIRMAN: Mr. Cherniack on a point of order.

MR. CHERNIACK: No, the one raised by Mr. Turnbull. Mr. Turnbull's point of order. I see that on page 244 of Fourth Edition of Beauchesne, paragraph 304 (1) it says "a committee can only consider those matters which have been committed to it by the House." As far as I know, until I'm shown differently, the House has referred Public Accounts to this Committee. That is the business before us. Now if the House wishes to proceed in any way, there are two ways I'm aware of. One is by a decision of the Legislature; two is at the request of the Lieutenant-Governor-in-Council. Now that to me is all there is to it. Now I think that we should not impose on the Auditor a request to respond to questions other than the extent of his authority, because I don't think that we should put him in the spot of saying, I can or I cannot do it. We have to know whether he can be instructed so to do. I have grave doubts about it, I don't think it's a good precedent. The fact is that this matter is now under investigation to the extent that it is necessary for the purposes of the House.

Beauchesne refers also to a "Committee not having the power to require an officer of a public department" - I don't know whether that applies to an auditor - "to produce any paper which according to the rule and practice of the House is not usual for the House itself to order to be laid before it." So, I think, Mr. Chairman, it is a matter that the House has powers, the Lieutenant-Governor-in-Council has powers but this committee does not. I think that Mr. Turnbull's point is valid that it is a question of whether we can pass such a motion, whether we have the power to do it and if necessary we may have to ask the Legislative Counsel for his opinion - and maybe that should be done sooner rather than later unless you want to make a ruling now and the committee can vote on whether your ruling should be sustained or not.

MR. CHAIRMAN: Mr. Craik, are you on the point of order or . . .

MR. CRAIK: Well, Mr. Speaker, yes, I'm on the point of order because this excuse for not dealing with this matter has to be quite weak compared to the decisions that have been made by other legislative committees. To point it out I would point directly to the Auditor's Report which is referred to this committee, that was examined last day, and I would refer you to a section of it, the second recommendation with regards to operation of the Legislative Management Systems. And I want to quote from it where it says: "The Legislature has the responsibility not only to pass laws, to approve programs and to authorize the expenditure of funds, but also to review administrative performance particularly as it compares to commitments made and to determine that the laws and programs are administered in the public interest."

Now, Mr. Chairman, there is no clear example of a case where that recommendation can be grasped a hold of by this committee and lived up to demonstrate the Provincial Auditor in fact has the powers, not of a civil servant as referred to by a Minister at this table, Mr. Speaker; because if that is the role in which the government views the Provincial Auditor then we might as well say that the government regards it as none other than a regular Civil Service function. The Provincial Auditor is responsible to the Legislature. He is not a civil servant per se and in the sense used by the Minister, Mr. Chairman. And the Auditor has very clearly set out in his report which is sent to this committee for examination, very clearly set out what he thinks is the responsibility of the Legislature and its committees with relationship to the Provincial Auditor's job. And what I'm recommending here is an examination of an activity within a government department, that government department was approving statements from

(MR. CRAIK cont'd) the Co-ops and therefore it is very closely tied in with the operation of those Co-ops, approval of the statements was being done by personnel within the department. So it's not the sort of arrangement you have with a regular private organization. They are in fact, the way that it has been operating, they've been treated as an arm's length operation of the government in the operation of these co-ops. So if you want to debate the motion I've made on the basis that it's impossible to audit the co-ops . . .

MR. CHERNIACK: Mr. Chairman, I'm sorry, on a point of order I want . . .

MR. CHAIRMAN: Mr. Cherniack on a point of order.

MR. CHERNIACK: . . . I want to do it on this basis.

MR. CRAIK: I'm on a point of order, Mr. Chairman.

MR. CHERNIACK: Oh you are, oh you're talking about debating . . . okay.

MR. CRAIK: That's right. The point of order is whether or not what we're talking about is within the jurisdiction of this committee, and secondly within the jurisdiction of the Auditor to perform. I am saying that very clearly that it's within the jurisdiction of the committee, because what I'm talking about is essentially right in the Auditor's report; and secondly, it's within the jurisdiction of the Auditor because it's very clearly an operation that involves very centrally a function of a government department, namely the Department of Co-operative Development, or branch. And secondly that the co-operatives involved are not outside the gambit of examination because the department has been approving statements from these co-ops as was indicated in the Legislature. So it's not out of order I don't believe to ask him to examine as far as possible, at least, the operation of the fishing co-ops insofar as the statements have been approved on a regular basis coming from the co-ops by personnel in the department, and personnel in the department were also arranging financial support for the co-ops as an agent on behalf of the co-ops.

So, Mr. Chairman, on that point of order I see no substantive reason why this shouldn't be accepted. I go further and say that if this is turned down . . .

MR. CHERNIACK: Mr. Chairman, on the point of order, Mr. Craik is speaking on a point of order but he's arguing that the motion should be accepted for debate and that's not the matter before you. Before you is a decision whether or not it is in order and if it's not in order he shouldn't be debating it, and I wish to speak to the point of order.

MR. CRAIK: Mr. Chairman, I'll reserve my further comments for the regular debate on this.

MR. CHAIRMAN: Mr. McGill.

MR. EDWARD MCGILL: Yes, Mr. Chairman, on the same point of order. Mr. Cherniack's point is that he questions the authority of this committee to deal with the matter raised by the resolution. I suggest that we are dealing with the report of the Provincial Auditor and on Exhibit 7, Page 1 the list of boards, commissions and government agencies whose accounts were audited and the financial statements reported on by the Provincial Auditor is given and it lists the Co-operative Loans and Loans Guarantee Board so I think quite clearly, Mr. Chairman, the matter in hand is within the purview and is contained in the Provincial Auditor's Report. I see no basis for the attempt by Mr. Cherniack to rule that this is a matter not within the direct dealings of this committee at this time and with this document in front of us.

MR. CHAIRMAN: Mr. Spivak, on the point of order.

MR. SIDNEY SPIVAK: Well, Mr. Chairman, there are two conversations I have to relate to the committee which I think are important in understanding the matter before the committee.

MR. CHERNIACK: On the point of order?

MR. SPIVAK: Yes, on the point of order. They affect very directly. Mr. Turnbull by the way made a remark of who pays the Provincial Auditor. I ask Mr. Turnbull who pays him and whether he's a civil servant or not? But on the conversations, Mr. Chairman, I want to relate a conversation I've had with the Attorney-General yesterday relating to the criminal nature of the matter that was referred to him. I'm satisfied that it is a very limited and restricted situation that is going to be proposed in the investigation and certainly none of the matters that have been referred to by Mr. Craik in this motion will be dealt in the way that has been asked for assistance from the Provincial Auditor. I'm satisfied that and I think if the Attorney-General was here he would indicate that that was not his intent. That's No. 1.

No. 2, I did have an opportunity to have a discussion with Mr. Ziprick and that's why I think he should answer for himself if he is allowed that opportunity. Prior to this committee

(MR. SPIVAK cont'd) meeting - that is not this committee meeting but the first committee meeting - in which I asked him the scope and the range of his activities to determine in my own mind how and in what way he would operate. He indicated that if a matter is brought to his attention which he believes requires investigation that he would undertake that investigation and if something was incorrect, procedures were not handled properly, matters were not being conducted in a proper manner, he would bring that to the attention of the government and the government would take corrective action, and if it did not then it would be his obligation to report that matter to the Legislature and it would come out in the Annual Report that he would complete.

The situation before us is now in the public domain and what is being asked here in this committee is for him to commence exactly what he said he would do if the matter was brought to his attention, but rather than have him report to the government because the government itself is involved, to report to the committee. That's what's being asked, Mr. Chairman, that is a reasonable request and certainly should not be denied, nor should the government in any way put itself in a position I believe to block the kind of audit that should be undertaken and the ability for the Provincial Auditor to report publicly his findings to this committee.

. . . . continued on next page

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, Mr. Spivak is now entering into the domain of politics when he uses words like "block" and I want to deal with the matter before us. The question is; Can this committee entertain a motion to instruct the auditor to do something. And I say no. The committee can inquire from him, can ask questions about past or present and the committee can get information from him, but to give him an instruction I say the committee does not have the power. Mr. McGill refers to Exhibit 7 Page 1 - Co-operative loans and Loans Guarantee Board - of course we have the right to ask questions about any of the audits that he does. That's ask questions. But it doesn't mean that we can give him orders to go and do any auditing. Those orders come, I believe, either from the Act, from his responsibilities as determined in his act or from the Legislature, and that's the only way. The Act does include the authority of the Lieutenant-Governor-in-Council to ask him to investigate, but Mr. Ziprick has gone further, Mr. Spivak has just quoted him and quoted him correctly. Mr. Ziprick said that when a matter is drawn to his attention - and he doesn't care by whom, it could be a stranger, he made that clear last time - then he will decide whether or not to investigate and will do it without asking anybody else's permission. And Mr. Spivak obviously drew it to his attention, that's clear now. Mr. Ziprick went further and he gave the --(Interjection)-- Pardon? Mr. Spivak has clearly as can be drew to everybody's attention within the range of his voice that there was something that he suspects is wrong in the Department of Co-operatives and Fishing Co-operatives.

MR. SPIVAK: Are you talking about today.

MR. CHERNIACK: So that . . . to date.

MR. SPIVAK: Today or . . .

MR. CHERNIACK: To date. And Mr. Ziprick no doubt could be told tomorrow that somebody alleges something wrong and then it's up to Mr. Ziprick to decide what to do.

Now Mr. Ziprick told us last week, I'm not quoting him through Mr. Spivak, I'm quoting him directly and he's here. He told us that when a matter is drawn to his attention he decides the extent to which he will go into it and having made the decision to go into it, he makes an investigation to the extent he feels is necessary and then in the normal course he draws it to the attention of the Department of the Minister involved, reserving always the right to go to the Legislature. Now I go beyond that to the Act and I will indicate my belief that Mr. Ziprick is not prevented from drawing any matter to the attention of the Legislature direct if he feels that it is of such a nature that deserves that. Nor do I think he's limited to making his report once a year in printed form for the year previous. I think he has the responsibility and the authority to make a report to the Legislature, at any time, if he believes it so necessary. So that I would say firstly, the purpose, the ostensible purpose of Mr. Craik's motion can well be taken care of by asking that the Provincial Auditor - by informing the Provincial Auditor of the allegations and having done that I think Mr. Craik's responsibility ends and Mr. Ziprick then starts making a row of decisions, or the real purpose I think he may have accomplished already by raising this matter in itself or he may want to go further, but that's his problem. But as far as this committee is concerned we have a task to do.

Mr. Chairman, I want to remind you, you were a member of the committee last year I think, and maybe two years ago when we never got the work assigned to us done. Now I'm not saying that in criticism of anybody especially last year when the session was terminated before they completed all its business, but the fact is we haven't even started dealing with Public Accounts which I believe is the main purpose that this committee has been -- the only purpose really assigned to this committee. Therefore I believe you should make the ruling on whether this motion is in order or not.

MR. MCGILL: Mr. Chairman, on the point of order, really, first of all, on another point of order, it was agreed that there would be a transcript of the proceedings of the last meeting and it was a request that I made that they be available prior to this meeting. I think it would have eliminated a lot of quoting and re-quoting of Mr. Ziprick if we had the transcripts here. But I would like to quote Mr. Ziprick now, and simply say that Mr. Ziprick's point about the number of incidents that he brings to the attention of the Legislature and to this committee is based upon his decision as to its seriousness and first proceeding with the Ministerial activity and a request to have it corrected. But he did say, and I hope that

(MR. MCGILL cont'd) . . . Mr. Ziprick will eventually have an opportunity to make his own statements in this debate, he did say that he would bring to this committee anything that this committee instructed him to do, and it seems to me that the difference between what the Provincial Auditor does in Manitoba and what it does elsewhere is entirely based upon the directions he gets from the Public Accounts Committee.

Now this resolution is simply giving Mr. Ziprick some direction, and if I understand his previous testimony correctly this is exactly what he said we could do and then he would obey. Now, Mr. Chairman, I feel that this is entirely within the purview of this committee and should be proceeded with.

MR. TURNBULL: Mr. Chairman . . . on a point of order.

MR. CHAIRMAN: Mr. Turnbull.

MR. TURNBULL: We are involved of course in a procedural hassel and clearly I think Beauchesne sets out the fact that no committee can do those things which the Legislature or the Parliament does not refer to that committee to do. Now that is the point on which you have to make a ruling. I think the precedent is clear. In any case it would appear from what the Minister of Finance has said that the substance of the issue that Mr. Craik has raised in his resolution can be referred to the Provincial Auditor. That is not really the point at issue. The point at issue is what is the authority, the power of this committee and all standing committees of this Legislature to do. Its terms of reference have been referred to, they are clear, they do not include referral of such matters as has been raised by this resolution to the Provincial Auditor. We are here for the consideration of the Public Accounts. I suggest that we get on with that business.

MR. CHAIRMAN: Mr. Ziprick, if you would like to comment on the points of order raised we would recognize you at this time.

MR. TURNBULL: Mr. Chairman, I do not understand - however you want to call the Provincial Auditor, civil servant or free enterpriser or what have you, he cannot, he cannot --(Interjection)--

MR. CHERNIACK: He's not a civil servant, he answers to the Legislature.

MR. TURNBULL: Well he is paid by public funds and as far as I'm concerned, Sir, all people who are paid by public funds are public servants. That in my mind, perhaps that clears the problem up that Mr. Spivak has with the term. I'm assuming that he is a public servant too. In any case, I think that you have asked, Mr. Chairman, that the Provincial Auditor comment on a point of order before a Standing Committee of the Legislature, now in my impression clearly that is not the role of the Provincial Auditor.

MR. CHAIRMAN: My impression was that the point of order has been completed, we were back on the motion again.

MR. CHERNIACK: Oh no, did you make a ruling?

MR. CHAIRMAN: No I haven't made a ruling.

MR. CHERNIACK: Well would you make a ruling, please.

MR. CRAIK: Mr. Chairman, I want to complete then a comment on the point of order based on what the Minister across the way has said, point out that in section 6(2) of the Provincial Auditor Act, and I'll read it to him: "The Provincial Auditor is not subject to a Civil Service Act except Sections 43 and 44 thereof."

MR. CHAIRMAN: Mr. Spivak. Mr. Craik.

MR. CRAIK: Mr. Chairman, I want also to finish off by saying that, in the Auditor's report, I'll give you the last line of it too, which says, "Much more input appears to be required from the Public Accounts Committee if it is to carry out a more meaningful review".

Mr. Chairman, this refers to the earlier quote as well that I said. What we're faced with here is whether or not the Provincial Auditor is going to be emasculated in performing his job as has been portrayed to us what his responsibilities were to the Legislature and not directly to the government. It reverses the question that the Minister placed a while ago when he said that the Auditor can report and act on such things as he sees fit on behalf of the Legislature if he had completed it. Mr. Chairman, the question very logically is, but is the reverse not true, is the reverse not true? Because that effectively as I read it is what the auditor has asked for. He has the immunity from the Civil Service given in the Act and this very clearly is a classic case. . .

MR. CHERNIACK: But does this committee have the authority to order . . . to produce them?

MR. CRAIK: . . . this is a classic case as to whether the auditor has the powers that are claimed on his behalf by even the government up to this date.

MR. CHAIRMAN: Mr. Spivak.

MR. SPIVAK: Mr. Chairman, I think the question is a very simple one. Is Mr. Ziprick if he's going to investigate, report to the Minister or is he going to report to the Legislature? And my suggestion is that in this particular matter, because there have been in fact statements, and I make . . .

MR. CHERNIACK: Mr. Chairman, is Mr. Spivak speaking to the point of order as to whether this motion is in order or not?

MR. SPIVAK: Yes, I am. Because, Mr. Chairman, there is no question. If Mr. Ziprick is to be considered an Auditor General - and the government's position from the very beginning is that he is an Auditor-General - then there's no question he should be given the opportunity to report to this committee.

MR. CHERNIACK: Mr. Chairman, on this point of order . . .

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: It is not a question whether Mr. Ziprick reports to the Legislature, to the Minister or wherever, it's a question whether you as Chairman can accept the motion that this committee order Mr. Ziprick to do something. That's the whole question. And unless I have not been here at all today, I've not heard one indication of the authority of this committee to make a decision instructing Mr. Ziprick to do something. It is clear that any member, and I think any stranger, can ask Mr. Ziprick to do something but I don't think that this committee as such has the power. And, Mr. Chairman, this is much more important than this issue, it's important - it's the procedure of the entire legislative process and its committees and you're going to have rule whether the committee has the power, the authority, to instruct as is set out in this motion. That's your decision; and your decision has to be based not on a motion or anything else, it has to be based on some pretty hard facts - what are the powers of this committee?

MR. CHAIRMAN: Mr. Spivak and then Mr. McGill.

MR. SPIVAK: Mr. Chairman, on previous occasion Mr. Ziprick has said that he is in the hands of the committee and he will receive instructions from this committee. Therefore, Mr. Chairman, there is no question, it was intended by the change and by the references constantly to the comparison between Mr. Ziprick's position and that of the Auditor-General, that he would have the power to undertake what's being asked . . .

MR. CHERNIACK: Sure he has the power.

MR. SPIVAK: . . . and that power could be asked by this committee. And Mr. Chairman, that without question is the issue, and I think if Mr. Ziprick was given the opportunity to speak he would say that he would accept instructions from this committee.

MR. CHAIRMAN: Mr. McGill.

MR. MCGILL: Yes, Mr. Chairman, I want to be very clear that I understand the Minister of Finance. That he is telling us that this committee, the Public Accounts Committee, does not have the authority to ask the Provincial Auditor to investigate and get them information about Public Accounts. Is that what you're saying?

MR. CHERNIACK: I made it clear that this committee does not have the authority to instruct the Provincial Auditor to do anything. We have the right to ask him for information that he has available as to what has been done. As individuals, we can ask him to make investigations for the future. I say this committee does not have the authority to instruct. There's a big difference between instruct and request; and request is the right of any of us, including the man of the street; and to instruct is, I believe, beyond the legislative authority or the procedural authority of this committee. And I'm making that point on the basis that there are many committees and there are many years in which we are going to operate and we should know the procedures.

Now, Mr. Ziprick may, if he wishes to carry on whatever investigation is within his power, and it's extensive; but we cannot instruct him where to report and how to carry on the investigation. We can't instruct him that he shall. Now it's up to the Chairman to make a ruling on these . . .

MR. CHAIRMAN: Mr. McGill.

MR. MCGILL: Mr. Chairman, Mr. Cherniack is saying that if we take out the word instruct and the motion reads "request" the auditor to give . . .

MR. CHERNIACK: Oh well, then I don't think that's within our power either.

MR. MCGILL: Well, you just said that it was.

MR. CHERNIACK: I said it's the right of any member of the Legislature, or of the man on the street. I think I used that expression.

MR. MCGILL: Mr. Chairman, Mr. Cherniack is contradicting himself on this argument.

MR. CHERNIACK: I thought I made it clear.

MR. CHAIRMAN: Gentlemen, I think we've aired the matter. It would appear that the motion is possibly in the public interest, but it would also seem the question is whether it's within the authority of the committee to act on it. Now I'm not that familiar with Beauschesne or the rules and procedures and I would have to obtain some assistance in deciding whether to allow the resolution or not. Now, just how I go about that, whether we . . .

MR. CHERNIACK: Mr. Chairman, may I . . .

MR. CHAIRMAN: I was just going to say I'm looking for some guidance. Do I adjourn the meeting for 10 minutes - 15 minutes?

MR. CHERNIACK: I think that you have several choices. I think that you can consult with the Clerk, you can consult with the Legislative Counsel, you can set this matter aside to make that investigation yourself and make a ruling when you are ready to. I don't think you can adjourn the meeting.

MR. CHAIRMAN: Well, no, I was going to say I would put it at the wishes of the committee to put the matter aside until we can obtain a ruling whether to allow the motion or not, whether that be done at the next meeting, or I would say to Mr. Craik - would this be satisfactory to you or . . . ?

MR. CRAIK: Well the only technicality is the question of whether the Committee allow the motion or not. It's whether the committee has the power or not to do the instruction. A motion could be - the way it reads could be put that the House be instructed, or the Minister be instructed by this committee to request and instruct.

MR. CHERNIACK: Come on, you know that you can't do that. You can't instruct the House to do something.

MR. CHAIRMAN: Mr. Spivak -- Mr. Craik?

MR. CRAIK: No, let me finish. This is the regular proceeding. If the power does not lie with the committee, that it can ask the Legislature to take certain action and if the House turns it back, that's fine. Or, on the other hand, Mr. Chairman, to show what an obvious sort of a cop-out this is, the Act also impowers not only the House but the Minister in charge. Now all we have to do at this committee is have the agreement of the Minister that the Auditor will be instructed to do this and the issue is looked after. I mean this is how obviously ridiculous a position we are in. The technicalities are strictly that, they are technicalities, because an undertaking by the Minister to have this done, as it says in the Act, means that it has to be done, and that in effect is all this committee is doing. And if you want it worded that way, "that the Legislature be instructed or requested, or that the Minister be requested," we can do that quite easily. But I think that apart from that, Mr. Ziprick should be at least given an opportunity to say whether he wants to get into this question at that point, because I think his position is somewhat at stake here. If he wants to comment, fine; if he doesn't want to comment, if he thinks it's in his best interests not to, let him say so as well. But I think he should at least be given the opportunity to say whether he wants to or not.

MR. CHAIRMAN: Mr. Spivak and then Mr. Cherniack.

MR. SPIVAK: I would like to hear from Mr. Ziprick because I think that Mr. Ziprick will indicate that he does have the authority if this committee gives it. If I'm wrong, I would like to hear that. I think his position becomes very important in this. And I think, Mr. Chairman, he would then be in a - that advice would be in a position to guide you.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, Mr. Craik made the point if Mr. Ziprick wants to do it, then we should be influenced. I made the point if Mr. Ziprick wants to do it, it's within his power to do; there's nothing I'm aware of in the world, to prevent him from doing it. So I don't think he should be asked whether he wants to or not, he'll do as he decides to do. Mr. Spivak said - does Mr. Ziprick want us to give him authority or request him to do it. I say, Mr. Ziprick's wishes have nothing to do with our authority. We may or may not have the power and Mr. Ziprick's desire to give us the power does not give it to us at all.

(MR. CHERNIACK cont'd)

Therefore, if Mr. Chairman, in your wisdom, you want to consult Mr. Ziprick as to the powers of this committee - you can consult with anybody you like about the authority of this committee, but I don't think it's a question of whether Mr. Ziprick would like this committee to have certain powers or not. Now it is becoming more and more clear that we are involved in maneuvering by Mr. Craik and I can help them by saying this. The House has the right to instruct Mr. Ziprick to do anything it pleases, and he is a member of the House and he has a right to bring it up in the House, and so does the Minister. And he has a right, Mr. Craik has a right to ask me to consider it, and I will consider it. Or he has a right to ask - not the committee, but Mr. Craik or anybody, has the right to suggest to the Minister, or to the Lieutenant-Governor-in-Council, to consider this.

And I will say to him that the matter has been raised sufficiently where I will certainly discuss it with Cabinet or such people that I think will give me good advice to consider whether or not we should do that. But it is not for this committee. I keep coming back to the power and authority of this committee and I don't think that we should arbitrarily as a committee extend the powers beyond that which are clearly before it. Now there can be all sorts of allegations of motive or otherwise but the fact is we have a committee system and either we operate according to its procedures or not or we change the procedures, and this is not for this committee to change its procedures, it's for the House. I don't know how much longer, Mr. Chairman, you need to have a discussion on the motion.

MR. CHAIRMAN: I was going to say, gentlemen, is it the wish of this committee that we let this matter stand until we can bring in a ruling whether it's within the power of the committee to allow the resolution or not and carry on with the Public Accounts or do you wish to have the ruling on it now?

MR. CHERNIACK: Mr. Chairman, I think it's for you to make a decision.

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: If it's going to be impossible for us to - I would have been prepared to change it to read "that the Minister of Finance be requested to instruct" if that helps him out.

MR. CHERNIACK: I don't need help from Mr. Craik.

MR. CRAIK: If he wants to do that, which is clearly in the Act, that's all that's required, but if we are going to get bogged down on that too, I would simply say put the question as it is. Let's get it over with then, because . . .

MR. CHERNIACK: . . . check the ruling.

MR. CHAIRMAN: Mr. Walding.

MR. WALDING: Mr. Chairman, we've been sitting here for about an hour arguing on this. If it's not your wish to you know, to accept or to make a ruling on this particular resolution, let's put it aside and get on with the rest of the business.

MR. CHAIRMAN: It's been suggested by Mr. Walding that we put this aside and carry on with the other business until I make a ruling on whether it's allowable or not. I could make a ruling but I want to try and make the right one, and I don't feel that I am familiar enough with parliamentary procedures to make it right at this moment.

MR. JOHANNSON: Mr. Chairman, on a point of order. As the Chairman you have the right within your own powers to either make a ruling or postpone the ruling. That's up to you. You don't need the consent of the committee.

MR. CRAIK: . . . on your behalf that we take a five minute coffee break and you read Section 15 of Provincial Auditor's Act. It's six lines long and it will give it to you.

MR. CHERNIACK: Mr. Chairman, do you want to read Section 15, here it is. Mr. Chairman, either you make the decision or you lay it over, that's up to you.

MR. CHAIRMAN: In order to expedite the affairs of the Public Accounts Committee, it would seem that we should move ahead, and if you are ready for the question, I would allow the motion to come to a vote at this time.

MR. CHERNIACK: Then you are ruling the motion in order? Well, with respect, Mr. Chairman, I challenge your ruling.

MR. CHAIRMAN: The ruling of the Chair has been challenged. Question. All those in favour that the motion is in order. I'm putting the question now that the motion is in order and will be allowed to come to vote. Shall the decision of the Chair be sustained? All those in favour? - 3. Opposed - 6. The motion is lost. No the ruling of the Chair is.

MR. SPIVAK: . . . , Mr. Chairman, this matter, which be left now and I would just like to make one comment - and this is really for the benefit of the Minister of Finance and for the Provincial Auditor. I would like to indicate that the Progressive Conservative Party will be forwarding all the documents in our possession, plus the Hansards to the Auditor-General of Canada, asking him for a complete report with respect to Federal money.

MR. CHERNIACK: Good. We go on with our work.

. continued on next page

MR. CHAIRMAN: Gentlemen, is it your wish to proceed item by item or page by page on these?

A MEMBER: Page by page, Mr. Chairman.

MR. CHAIRMAN: Page by page. I presume we start at page 70, is that . . .

MR. MCGILL: Mr. Chairman, on a point of order.

MR. CHAIRMAN: Mr. McGill.

MR. MCGILL: . . . I ask when the transcripts of the previous meeting will be available to the members?

MR. CHAIRMAN: There was a rough transcript brought down. Whether the finished ones are . . .

A MEMBER: It's at the Queen's Printer now.

MR. MCGILL: I would assume they'll be available before the next meeting.

MR. CHERNIACK: Mr. Chairman, for the record, I want it known that you seat me a copy, I think on Tuesday, of the rough transcript.

MR. CHAIRMAN: But the Speaker informed me that the original would be prepared.

MR. MCGILL: Mr. Chairman, it makes it rather difficult to face another series of questions, partly on the responses of the Provincial Auditor at previous meetings. I would like to have that information so that I could continue and I find it difficult to do so without having an opportunity to review the responses.

MR. CHERNIACK: May I make a suggestion, Mr. Chairman - make it Mr. McGill in the Chairman's absence. How would it be then if we proceed with either the sample pages that are supposed to be left for the last half of the morning or with public accounts and leave this auditor's report until the transcript is available to Mr. McGill?

MR. MCGILL: Yes, Mr. Chairman, I would prefer the procedure of taking the sample program . . . at this time rather than the other, so that we would still have the opportunity. . .

MR. CHERNIACK: Sure. Did you hear what happened, Mr. Chairman?

MR. CHAIRMAN: No.

MR. CHERNIACK: Mr. McGill and I were the only ones who spoke while you were occupied and I think we agreed that we would set this auditor's report aside until the transcript has been studied by members of the committee, and that we proceed now with the distribution of these sample forms that were left for the last half hour of the morning. The only alternative to that is to go into public accounts and then the last half hour devote to the sample forms, but . . .

MR. CHAIRMAN: I'm having some other problems now in as much as the ruling of the Chair has not been upheld which would render non-confidence in the Chairman.

MR. CHERNIACK: Oh, not at all, we've never fired a Speaker yet.

MR. CHAIRMAN: . . . and I would assume in that case that I would have no alternative but to step down as Chairman.

MR. CHERNIACK: Now, I know why Mr. McGill and I couldn't get your attention. Mr. Spivak was busy behind me.

MR. CHAIRMAN: I had that before, but, well . . .

MR. CHERNIACK: Well, Mr. Chairman, I'd like to indicate that the government indicated the very first session we were in that we believed that the opposition should have the opportunity to share meetings of Public Accounts and we have consistently supported the opposition's chairmanship. Now, we will continue to do so, and I want to tell you that I don't think that our confidence in you has been shaken one bit as a result of this morning's discussions or your decision. However, I suppose it's up to any member to decide whether he wishes to resign or not, but I assure you our confidence has not been shaken at all.

MR. CHAIRMAN: Mr. Craik, did you . . . ?

MR. CRAIK: Yes, you've raised the matter, Mr. Chairman, that certainly if you are looking for any guidance at all, that certainly before the next meeting consideration of what you suggested would have to be given, I think, in view of the tradition, and whether or not you want to exercise it now or later, it certainly would have to be given consideration before the next session.

MR. CHERNIACK: Mr. Chairman, in 1959, the Speaker's ruling was overruled twice and there was no resignation, so I don't think tradition is one that Mr. Craik can rely on. If you want out, then you are going out, but if you think there's a tradition I want to assure you, firstly, we are not slaves of tradition, and secondly, you are not restricted. You are not bound.

MR. CRAIK: Well, all I'm saying is that it's a personal decision, and I wouldn't necessarily go by any precedent set in 1959.

MR. CHERNIACK: I agree with Mr. Craik. It's a personal decision. I just assure you of our support.

MR. CHAIRMAN: Well, in that case, I'm prepared to carry on and try and get the business of the Public Accounts aired as thoroughly as we can. I might add my decision, as I mentioned, was based on that the motion appeared to be in the public interest, and whether it be completely within the authority of our parliamentary rules to make it or to let it stand, was secondary. Now, we don't have transcripts for the Auditor's Report. Do we stand the Auditor's Report aside until we get the transcript? (Agreed)

MR. CHERNIACK: Now, Mr. Chairman, you have two choices: either we go with Public Accounts for the last half hour or we go to these forms. I think it's one or the other.

MR. MCGILL: Go to the forms.

MR. CHERNIACK: Mr. McGill has suggested the forms. Is the Committee agreed? Could we have them distributed then? I wonder if I made clear the purpose of this exercise, Mr. Chairman. Is there any doubt about what we have in mind?

MR. HENDERSON: Yes, there is.

MR. CHERNIACK: Do you want me to repeat it, George?

MR. HENDERSON: Yes, I would.

MR. CHERNIACK: Well, Mr. Chairman, the Auditor's Report suggests different manners of presentation of estimates for different kinds of review, and what we have done is to look at other jurisdictions to see whether there are any other ways of making presentations of estimates that would be more helpful, and what we have therefore done is taken our Department of Co-operatives--and amusingly enough to me, the decision to pick out co-operatives was made at a time when I had never heard of fishing co-ops and was done on the assumption that this was a programmatic department which was also not too extensive and not too difficult to convert, and therefore estimates were prepared as if they were following the Ontario format and also the Quebec format. My thought was that when we come to that department in Committee in the House on Supply, we could then have three different forms of presentation of the same estimates and members of the House could then judge which seem to be more helpful in dealing with the estimates themselves, and that is the intent. Mr. McKenzie was responsible for producing those and I thought he could indicate to us how they are done, because they are different and there's a little bit of a complication which, once understood, I think, can be dealt with; and I thought we could do that just to have the experience and then send it all into the House and we will distribute copies for all members. May I--Okay thanks.

A MEMBER: I wasn't here.

MR. CHERNIACK: Oh yes you weren't, that's right. So we can ask Mr. McKenzie to describe them to us. I think we also have estimates books, don't we, if you don't have . . . Yes, maybe Mr. McKenzie would stand at the podium there where there's a mike. Wherever it's more convenient for him. We want him to be heard well. I think that's better, Chuck. Chuck, I think the podium is better. We can all hear and see you better.

Mr. Chairman, I've just been listening to Mr. Anderson, as I often do. He was--well, we were thinking that it might be of interest to the Committee if he gives us a little background on the estimates forms and how far we got in discussing changes. Maybe that would be a better introduction before Mr. McKenzie deals with the specifics.

MR. ANDERSON: Mr. Chairman, some years ago, the then government led by Premier Roblin got interested in program budgeting and we had a group of consultants come in, one of whose terms of reference was that they should develop a system of program budgeting, and this process was carried on over a period of a year and a half, and most departments have grasped now some of the significances at least, of putting their programs into monetary forms that we think could be, with some further development, prepared in final estimates form for the House. It creates quite a different set of estimates than people have been used to looking at, and some governments have had difficulty in introducing them because the House or the Parliaments have said, "What is it you're giving us? We don't understand this. This isn't the way we've been used to looking at health or welfare or whatever." And about four years ago some of us in a Committee we have in Canada called the Continuing Committee on Fiscal and Economic Matters, which is a committee composed primarily of the Deputy Ministers of Finance for Canada including Canada itself, we set off on an expedition to see if we could come

(MR. ANDERSON cont'd) up with a standard program budgeting format to be used in all provinces so that all of us could recognize what the other fellow was doing when he talked about the costs that he had, or they had, in certain kinds of programs.

Like so many things in a field as big as Canada with 11 different ideas about how you do things governmentally, that has never come across. One by one the provinces are adopting their own versions of program budgeting, which are going to leave us regrettably with some of the same problems we have now, trying to relate to what they do in Saskatchewan, and what they do in Ontario, with what they do in Quebec and what they do in Manitoba. But in view of the interest that we had and that our departments have, the ministry has, as well as the Auditor, Provincial Auditor, we did prepare--and Mr. McKenzie has done his best to try and take a fairly simple department to analyze it in terms that Quebec would use, and the terms that Ontario would use, and we thought that looking at the two provinces in the form, the correct form, the Ontario form, and the present estimate form, would give you all a fairly early look, a preliminary look at least, as to how valuable this might be in your work in the House.

MR. CHAIRMAN: Mr. McKenzie.

MR. McKENZIE: Mr. Chairman and Members of the Committee, I think that possibly a place to start would be to look at the estimates of the Federal Government, the ones for the year ending March 31st, 1975. Just in the preface to those, they have an introduction, and there is an indication inherent that the Government of Canada has followed a procedure of proposing to the Standing Committee on Public Accounts . . . changes in the form of the estimates. I would just like to quote two paragraphs here, just as an introduction.

"In order to assist Members of Parliament in their deliberations and to assist others seeking an understanding of the purpose for which the Government proposes that funds be appropriated, the form of presentation followed in these estimates was changed radically beginning with the estimates for 1970-71 from the form traditionally followed up to that time. This new approach represents a synthesis of the recommendations of many observers, particularly the Members of Parliament who served on the Standing Committee on Public Accounts during the first session of the 28th parliament, with whom the new form of these estimates was discussed in all significant particulars. Several of the recommendations of the Royal Commission on Government Organization - that's the Glassco Commission - have also had a noticeable influence on many aspects of the style of presentation.

"The decision of the Government of Canada to adopt the system of budgeting by programs, the planning, programming, budgeting system, with its emphasis on defining program objectives and showing the full costs for each program, was also a determining factor."

Just with that as a brief introduction, I would like to also quote to you from the Ontario Government Manual on PPBS, wherein they list the objectives of a PPB system: "The basic objectives of a PPB system can be identified as follows: First, to define departmental objectives clearly and to relate them to defined provincial needs and goals. Second, to stimulate the in-depth analysis of all existing and proposed new programs in terms of their costs and benefits. Third, to link the planning and budgeting process through the annual review of multi-year plans. Fourth, to measure actual and planned performance. And fifth, to provide a systematic way of integrating all of these elements in order to arrive at a more effective system for the allocation and management of resources."

Now, they of course go on through this manual to elaborate on their system, and if we were to go fully into program budgeting, we would have to do the same here on an internal basis to produce a manual and have that formalized.

At the present time we--it's really a combination between the Budget Branch of the Department of Finance and the program audit section of the Management Committee of Cabinet--each year put out a set of estimates instructions and this year they were called "The preparation of pre-estimates and estimates for 1974-75," and for several years now we have been doing this on an internal basis with the departments, on two bases: One is in the normal system of appropriations, the set of appropriations as has been used for many years, but about three or four years ago we started utilizing information from other jurisdictions and inserted various forms in here dealing with programs. We defined programs and the various breakdowns so that the departments actually have been submitting to us information both ways, and for the last several years when the final decisions have been made by Cabinet, they have been made in the form of program analysis basically prepared by the Management Committee of Cabinet.

Now the procedure has been that once the final decisions have been taken in Cabinet on programs, we advised the departments of the approved program dollar amounts and staff

(MR. McKENZIE cont'd) man-year allocations, and they then related these as to the appropriation format and that is the form in which these estimates, as you have them in the House, have traditionally been presented and discussed and voted in the House.

Now, as an example for discussion purposes of this Committee, we have taken a small department - Co-Operative Development - and attempted as closely as possible to restructure those estimates into the format currently used by the Province of Ontario and by the Province of Quebec. We have distributed copies of these to you and you will notice on our own estimates that it comprises a very small section of one page, about a third of a page on here, and you can compare that to the volume of the others, so that if you do estimates on a program basis the first thing that you want to contend with is a greatly increased problem of preparation and you have a greatly increased volume. Just for example, this book here is the 1973-74 estimate book for the Province of Quebec, so that you can get some idea of the size, and this is the 1973-74 estimates of the Province of Ontario. They are broken down into four separate publications by policy field, and I'll just deal with that in a moment or so. But I think with that as an introduction . . .

MR. ANDERSON: Canada . . . is the other one . . .

MR. McKENZIE: Yes, this is the Government of Canada Estimates for the fiscal year ending March 31, 1975, and bearing in mind in terms of volume, you have to bear in mind also that both the Quebec and the Government of Canada publications are both combined English-French versions.

MR. MALINOWSKI: How many pages?

MR. McKENZIE: Pardon? This one? They are not numbered consecutively. They are in sections and then numbered within each section, so I'm not sure.

MR. CHERNIACK: Two inches worth, divided by one.

MR. TURNBULL: Does that include supplementary?

MR. McKENZIE: No, these are the main estimates; I believe they have a separate publication for supplementaries. I think perhaps it might be--Oh, there is one further thing that I wanted to say in terms of volume. It depends how far you want to go in program budgeting in terms of producing information. We also have worked somewhat with other jurisdictions, mainly the State of Wisconsin, where we went down to visit them about two years ago to get the benefit of their experience, and I just mention so that you know the extent to which you can go. They have a biennial budget, a two-year budget down there, and they work on their budget for about a year, but the end product of their labours is three volumes, each about 1-1/2 to two inches thick on 14 inch paper. So there are three large bound volumes, a total height of about like that. That is the State of Wisconsin budget. They did express just the thought that they have probably gone too far in terms of volume and they were wanting to cut back somewhat. Perhaps we could get into, then, consideration of the different formats that we have here. I don't want to . . .

MR. CHAIRMAN: Mr. McGill.

MR. MCGILL: Mr. Chairman, this is just a little bit off the track here but you were mentioning other jurisdictions and the way in which they are programming their estimates. Did you discover any jurisdictions in your travels where they have been able to produce current revenue and expenditures statements on a monthly basis?

MR. McKENZIE: Yes, Wisconsin does. They have their material right on the computer, and as a matter of fact we have a copy of their public accounts which is run directly off of the computer.

MR. MCGILL: So this information is available to the Legislature on a current basis?

MR. McKENZIE: As far as I know. I would say one further thing with regards to Wisconsin, and that is that when they started their system they put quite a task force on it and worked upward of a year in setting up their basic organization, and right from the start they defined all their program structure and they input all of their data into their accounting system, so right from the start they did their estimates and their accounting system and public accounts on a concerted basis using the computer.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: I wonder if Mr. McKenzie can elaborate on that. Do you know how often the Wisconsin Legislature meets and for what length of time?

MR. McKENZIE: Well, I'm not sure. I imagine it's variable. They have a two-year budgetary cycle. They meet annually, I presume, but I know that they, when we were down

(MR. McKENZIE cont'd) there to see them, they had had their estimates in their assembly for upwards of six months and their budget still had not been formally approved.

MR. CHERNIACK: I wonder, Mr. Chairman, I think that my department should get some information, firstly to confirm the answer to the questions of Mr. McGill, I'm not sure whether the Legislature would get all that monthly information or whether it would be the Governor. I think we should check that out, and also possibly find out the extent to which the Legislature sits and reviews these, or whether it is just an academic thing. I think the Committee would be interested and I'll try and find out.

MR. McKENZIE: In their system - of course they have a different parliamentary system - but the Governor seems to play a very large role in there and the budget function in Wisconsin is concentrated within the--they have a Department of Administration, and the budget function is part of that and they really operate as a right arm of the Governor's office.

MR. CHERNIACK: That's it. I think it's an executive administration rather than the congressional involvement. However, we can try and find out.

MR. McKENZIE: I'll just run through this if you would like to look at your Ontario format. I won't read everything on here because I think some of these things are obvious, and if anyone would like to ask questions as we go along, please do. I showed you the four publications for the Province of Ontario. They are broken down by policy fields, which they have designated as being general government, justice policy field, resources development policy field, and social development policy field. Those four policy fields are broken down into ministries. They use the term "ministries" rather than departments and they are as listed in the four sections in . . . and then within each ministry there is a breakdown into programs. Each program is split up into activities and each activity is broken down into standard accounts classifications. The standard accounts used in the Province of Ontario are eight in number and in each of their publications, which you may want to examine afterwards at the conclusion of the committee hearing, that right at the back of each of their publications they have what is called "Explanatory notes on the standard accounts classification." They list the main ones and then give quite a complete description of what is included within each account. I have listed just the main headings here as number one to eight. The next thing that you notice when you . . .

MR. CHERNIACK: Pardon me, Chuck. Is that what we have at the end of this Ontario, the last two pages?

MR. McKENZIE: Yes. We of course in restructuring this into the Manitoba figures, had no way of using their object of accounts, we had to use our own. Now, the Manitoba object of account classification system has eight major headings, which you will find at the back of each of the samples and we have put a brief description of what is included in there, but as a matter of fact there are many breakdowns and sub-breakdowns within those totals. So we are just doing this as closely as possible to the Ontario format.

Now, as you go through the Ontario estimate booklets, the first thing you will see, the next page, where you will see a department heading and a summary. Now, they produce more comparative information than we have here. Historically, our estimates have a comparison between printed estimates and printed estimates, current and previous year. They go one step further. They give both the estimates for the next preceding year and the actual expenditures for that year. The fact that they have gone one step further almost makes necessary the next page that you see in the sample, because over a time frame of three years you find so many transfers taking place and non-comparable items coming in, that they have found it necessary to provide a reconciliation page. In other words, on the very front page where you are comparing the departmental totals across the bottom, if you were to go back to the estimates as published for those preceding years, those figures would be different, but the reconciliation page pulls those figures together so that you can relate them.

A MEMBER: You mean because of the transfer of programs from one department to another or one division to another.

MR. McKENZIE: Yes, that's part of it, and also they account for all supplementary authority provided either by way of supplementary supply acts or by special warrants or, where there is a re-distribution of amounts for any reason or transfers between departments, or items that are non-recurring and have dropped out, the end object of their exercise is to try and make the departmental totals comparable.

(MR. McKENZIE cont'd)

The next section actually breaks down quite simply, then you come to the--the first program listed under Co-operative Developments on the first summary page was administration. You turn two pages back in, the one following the reconciliation page, then you see a breakdown of the administration program into its two activities: administration, and planning and research. Now for each program there is a brief description of the program given and this varies in length, but in all cases it is sufficient to give an indication of what the program is about.

Following that there is another page where the activities - administration, and planning and research - are broken down into their objects of expenditure, which they call standard expenditure classification. In comparison, the Manitoba estimates as printed simply list under each appropriation the amount for salaries and wages and the amounts for other expenditures, unless there is some particular item that is separately identified. And that format carries through, then, for the other two programs. The Co-operatives program is broken down then into its various activities which are subsequently broken down into the standard expenditure classification, and then you go through a little further and find the last program on credit unions which has the same breakdown.

There is one thing I should point out also that Ontario does that is not in our sample here, but the very last page of their estimate book is a pull-out sheet, and on there they list vertically all the 23 ministries, and across the top they have the eight standard expenditures classifications. In other words, they accumulate provincial totals of each of the expenditure classifications so that you can tell at a glance the total of salaries and wages, the total of employee benefits, the total amount for supplies and equipment and so on.

Now, I think possibly, unless there are any questions, we could then just take a look at the Quebec example. Quebec has not been using their system as long as Ontario has theirs. Quebec just changed over in 1973-74 to a program budgeting system, and they seem to have come up with something which at first glance appears to be a little bit more complicated. If you turn to the second page in the Quebec sample, headed Quebec Format, you will see there we have summarized what they have done. The Province of Quebec presents its estimates broken down by commissions, domains, sectors, programs and departments. In total there are four missions(?) subdivided into 15 domains, subdivided into 47 sectors, which are then subdivided into 170 programs.

MR. ANDERSON: Charlie, I think that some of the people have a slightly different paper. Are we . . .

MR. CHERNIACK: I was wrong, Stuart.

MR. ANDERSON: Would you just point the page that you are looking at right now?

MR. McKENZIE: The second page in the Quebec example, headed Quebec Format.

MR. CRAIK: Yes, okay. I had something that was different.

MR. McKENZIE: In relating that 170 program, I could mention that in Manitoba here the estimates as printed and which are in the House at the moment, have 124 appropriations; in the material that went to Cabinet for decision there was a total of 146 programs, so we have somewhat less programs than what Quebec have in their system. The 170 programs are then assigned to the 23 departments of the Quebec Government, thus one department may be responsible for programs from various sectors. Programs at the departmental level are subdivided into elements. These elements are matrixed into expenditure object categories. (I'll explain that as we come to the page.) Notice that capital items are included in their expenditures and I should have mentioned that about Ontario as well. As you know, the estimates of current expenditure in Manitoba contain only current expenditures, because we have the three divisions of the Consolidated Fund, the revenue division, or current capital division, and the trust and special division. Ontario has no divisions in their Consolidated Fund; it's all a general revenue fund, and my understanding is that they combine capital and current in their tabled estimates, and if there is a short fall that is the amount that is borrowed by the government, but they do not table separate capital estimates - and the same appears to be so in Quebec. The capital figures are included in the estimates as you see them in the book.

Then summaries of expenditure . . .

MR. CRAIK: I would just like to ask you while you are on that point, there is no difficulty created in looking at the Ontario system, though, if you were to continue to break down current, capital and trust, your comments don't have any implication with regards to abandoning the system of breaking it down?

MR. McKENZIE: Well, I think that what I am saying there is that if you retained the divisions in the Consolidated Fund and had capital separately, I think you can work capital into a system like Ontario and identify it. By the way, I should mention that the Federal estimates also include current, capital and a full disclosure of the staffing patterns. The capital, though, is not varied; it is set out separately. For instance, if you look in the third last page in the Ontario format, the page headed No. 2 at the top is Standard Accounts Classification.

MR. CRAIK: Yes.

MR. McKENZIE: Now their standard accounts number 5 and number 6, both have capital in them by definition, and particularly 6.

A MEMBER: What page are we on, Johnny, I'm sorry?

MR. ANDERSON: Page 2.

MR. McKENZIE: Actually the third page was the Ontario format.

MR. CHERNIACK: Page two and three, is that . . . ?

MR. McKENZIE: Standard accounts classification. Page 2; all right.

MR. CHERNIACK: The third page, No. 2.

MR. McKENZIE: I could perhaps read out to you something that's not in the sample but which is in their estimate book. Their definition of acquisition and construction of physical assets, that's their account classification number six, the definition is as follows: "Includes all costs of acquisition and construction by contract of new and used buildings and engineering structures. Also included in this account is the cost of acquisition of land." So, in effect, that parallels a large part of the capital estimates in Manitoba.

MR. CRAIK: Like right now in Manitoba in highways, though we do essentially, right now we show highways construction, there is no breakdown, like in our present estimates, to tell us what portion is capital borrowed . . .

MR. CHERNIACK: Don, it's different. There's some here and some there. There could be some in current and some in capital.

MR. CRAIK: Right.

MR. CHERNIACK: You say there's no breakdown and actually there is, because you only give parts of information, but on each sheet.

MR. CRAIK: Like in our present estimates there is both capital borrowing and current, eh?

MR. CHERNIACK: No. That's what I'm saying. In our estimates? We don't have any capital in the estimates you're looking at.

MR. CRAIK: None of the programs outlined then in our Highways budget are . . .

MR. CHERNIACK: What you are holding in your hand is only that which is charged to, what is called current, and then you can always have and probably will find in the capital that there is Highways money there as well which it is planned to borrow. So you don't have that . . .

MR. CRAIK: Well really I . . .

MR. CHERNIACK: Let me just add a little, Don, if you don't mind, just to elaborate. You see in the highways, you picked on the one item where we always have carry forward of work, where you authorize work during the end of a fiscal year for continuation, for completion in the following fiscal year, and that's why - I don't remember if it started in your government or not - but we now have an authority in capital which carries forward and tides you over from fiscal year to fiscal year for work that is put on track but not done yet. Have I confused the issue by telling you that?

MR. CRAIK: Would it show up in . . .

MR. CHERNIACK: In capital?

MR. CRAIK: Yeh. No, would it show up in here?

MR. CHERNIACK: No.

MR. CRAIK: So anything under - well construction of provincial trunk highways, provincial roads and related projects, if I might just ask you a specific item, 68 in the estimate book, that's all out of current then?

MR. CHERNIACK: Yes.

MR. McKENZIE: Yes. If I could just clarify. All of the items in the estimates of current expenditures in the main estimates, are those items which are financed out of current revenues in effect, and if there is anything else associated with highways in the capital division then they are financed out of capital borrowing.

MR. CHERNIACK: They're shown as \$42 million.

MR. McKENZIE: . . . separately, they will not be in here at all. This is the basic difference because in Quebec, Ontario and the Government of Canada you can go to the one estimate book and find the complete capital and current features.

MR. CHAIRMAN: Mr. Graham, do you have a question?

MR. GRAHAM: Does that create a difficulty then if we go to the - if we went to the Ontario system you're recommending, we'd pretty well have to then include capital into the programs that are shown?

MR. McKENZIE: Well I think it could be done either way. That would be a decision that would have to be taken. You could do it I think excluding capital or including capital.

MR. CRAIK: We could still get a statement, like now our capital supply bill that we have before us, we could still get a statement that gave us an overall breakdown of how much capital borrowing was in the account.

MR. McKENZIE: In these estimates you mean, because there isn't any in here.

MR. CRAIK: No, no no, but if we went to the Ontario system there's nothing precluding still getting a capital supply breakdown?

MR. McKENZIE: No I wouldn't think so.

MR. CRAIK: It would complement . . .

MR. CHERNIACK: You mean like an extra column or parenthesis?

MR. CRAIK: Yes. Something like we've got before us now, like Capital Supply bill.

MR. CHERNIACK: Yeh, I would think you're right. The only problem I can see is delaying all the estimates. You see now we're able to get these out and work on capital, you know, while these estimates are out but if we combine them then it would delay the whole process for collation and printing. That's the only problem I see.

MR. GRAHAM: I just wanted to ask Mr. Cherniack a question on this because it isn't just one year, it's every year we get capital involved in highways. And you're telling us that that capital is to cover the pre-tendering system . . . ?

MR. CHERNIACK: Not alone.

MR. GRAHAM: Not alone?

MR. CHERNIACK: Not alone.

MR. GRAHAM: But we have no way then of really trying to identify the usage that that money is going to under our present system? Unless it's debate on a Capital Supply Bill?

MR. CHERNIACK: Yes. The capital current and then of course you have the report of the department which I think probably gives that kind of information, I'm not sure. But by inquiry that could be broken up.

MR. McKENZIE: Perhaps we could just continue then with the Quebec sample. If you turn to the third page, this is just an attempt to illustrate the relationship of their major breakdowns of their estimates. The four major breakdowns into missions are shown in the left-hand side, economic, educational, cultural, social and then governmental, and administrative. And this simply illustrates that as you go across to the right, each of those missions is broken down into a number of domains, government and administrative. It's broken down into political institutions, central administration, inter-governmental relations and protection of persons and property. Then again the domain of protection of persons and property is further broken down into sectors, such as litigation, public safety, penal institutions and legal supervision of the socio-economic framework. That is further broken down into programs. The legal supervision of the socio-economic framework is broken down into public curatorship, consumer protection, control and supervision of the development of enterprises, official registration, control of games of chance and races, liquor permit control and management of public land. So that they have quite an extensive cross-relationship.

Then as you go out to the other side of the relationship the programs then are also accumulated in their estimates under their various departments. The ones we've just been looking at would be included - the control of games of chance and races included under justice for instance. So that from their system you can break the programs down two ways: You can either break them into departments or you can break them back up into the sector, domain and mission relationship.

MR. CHERNIACK: Chuck, before you leave sheet A. When they deal with it in Committee of Supply they have to have - in this case we've got four Ministers all involved in control of games of chance, eh?

MR. McKENZIE: Yes. We have no information on how they . . .

MR. CHERNIACK: Oh, I'm sorry. Four all involved in the programs under legal supervision?

MR. McKENZIE: Of the socio-economic framework. Yes.

MR. CHERNIACK: Yes. So when we're dealing with the budget for the legal supervision of the socio-economic framework we know we've got four Ministers involved in that.

MR. McKENZIE: That is correct.

MR. CHERNIACK: Thank you.

MR. JOHANNSON: Is that the way their Committee of Supply works?

MR. ANDERSON: It ends up by being departmental votes . . .

MR. JOHANNSON: Oh, departmentals.

MR. ANDERSON: Each assigned these program lumps that you see in here. Like finance will be assigned a program called Public Curatorship, and I'm not sure what that means, with money attached to the program.

MR. CHERNIACK: You mean at the end it comes back to this?

MR. ANDERSON: In the end it comes back to this.

MR. CHERNIACK: Are you saying . . .

MR. ANDERSON: Well yes . . .

MR. JOHANNSON: So in effect then the rest of this is a rather elaborate game?

MR. CHERNIACK: Well it's elaborate information anyway.

MR. JOHANNSON: An elaborate classification. But you could get down to the same sort of procedure as we have on supply. Is this it, am I correct or . . . ?

MR. CHERNIACK: I thought that's what we were trying to find out.

MR. JOHANNSON: For example, does the Justice Minister come before the House in the Committee of Supply and deal with all of the programs under his jurisdiction?

MR. CHERNIACK: In the federal it's just like ours isn't it?

MR. ANDERSON: He does. You may say in addition another department has got a piece of this legal socio-economic framework.

MR. CHERNIACK: Of the program but not of the money? He only deals with his own money I guess?

MR. ANDERSON: They try Terry I think to make sure that all programs are assigned to one ministry, as far as they can, but then occasionally they get . . .

MR. McKENZIE: Yes, I think there's an indication of that.

MR. CHERNIACK: Yes. That is the programs are divided into ministries apparently?

MR. ANDERSON: It's complex.

MR. McKENZIE: If we could go on then to sheet B. This is just another version, the Quebec version, of the expenditure of the classification in comparison to Ontario and Manitoba which have a basic 8. They have a basic 16. So that somewhat adds to the complexity of their estimate book.

You should note that expenditure object No. 8 and 9 both basically are capital items, material and equipment and land immovables in engineering works.

If you turn to the front summary page where the Co-operative Development Department - you will see that they are like Manitoba in this regard in that they are comparing only two years. The Estimates for 1973-74 and for 1974-75. You will recall that Ontario also showed the previous year both actual and estimated.

The following page to that again is quite similar to Ontario wherein the first program administration is given a program description and then an activity breakdown. The next page after that again is similar but different in format to Ontario in that rather than listing the activity and then detailing the objects of expenditure, they have what in effect is a matrix here with the expenditure objects running vertically down the left and the two activities across the top on the right.

MR. CHERNIACK: See Jim there's your matrix.

MR. McKENZIE: One thing this - it saves space but it makes you turn back to find out that activity one is Administration and that activity number two is Planning and Research, and this becomes more obvious when you look at the next example on the Co-operatives program because in there there would appear to be eight activities, so that your matrix consequently gets greatly enlarged and in fact runs onto two pages on the sample.

(MR. McKENZIE cont'd)

The third program on credit unions is just done the same way, somewhat more simply because there is only the one activity. And then again their estimate book has a good many summaries in it but they do include breakdowns of their standard expenditure object classifications which we have inserted at the back just for reference.

MR. CHERNIACK: Mr. Chairman, you and I just worked out this thing. I'm wondering whether we have to stop a little bit on that because I'm wondering if committee is--(Interjection)--yeh on the matrix. I think program two with the eight activities and the seven expenditure objects if looked at correctly I think is not too complicating, if you'll pardon my effort to say it's rather simple.

MR. CHAIRMAN: Program two?

MR. CHERNIACK: Yeh.

MR. CHAIRMAN: And the following page.

MR. CHERNIACK: Yeh, you have to look at program two which lists the activities and then the next two pages, five and six as if they were side by side, then I think you can see that the activities listed on page 4 up and down are read across the pages five and six and then it lays out pretty clearly I think. I just thought maybe committee should linger for a minute to make sure that they follow that.

MR. ANDERSON: Charlie take us through that \$30,700.00. The Director, Activity No. 1, Program 2 page. He's going to spend or his office is going to spend 30.7.

MR. McKENZIE: Yes, well if you want to look at that, if you look at the program two, co-operatives, on the first page where the activities are listed, you will see that the Director is listed at 30.7 thousand, and you turn to the next page and since the Director is activity number 1 it comes in the first column and then reading downwards you can easily pick out the fact that salaries amount to 23.3 thousand, facilities and equipment there's an allocation of \$700, specialized equipment 1.3 thousand, other operating costs of 5.1 thousand and assistance of \$300, for a total of 30.7 thousand for that activity.

And then of course you use the matrix for the program by - you can also pick off the total of salaries for the program simply by looking at salaries and reading across horizontally and then going one page further until you see the total under 1974-75 of \$289,000.00. That is the total salary for the Co-operatives program for the 1974-75 estimates. Total fees 46,000, total facilities and equipment 21.4 thousand and so on. You'll notice the bottom item on the matrix is Capital No. 7 for \$1 million. This is in there with no explanation. Now just looking at the sample in front of you, you would have no idea of what that figure was for other than it was a capital item. Now I'm not altogether sure just how that is set out in detail, in Quebec; I know that in the Federal Estimates that the capital items that are listed under their programs are set out in some detail with a description of what the capital expenditure is to be for so that you can follow it quite readily without knowing anything about it at all.

That's about all that I can relay to the committee on the sample formats. As I say we've attempted to take a relatively small department and translate it into two other possible forms. I think that we're doing this just as an illustration for discussion and consideration by the committee. I would think that possibly before any decisions were taken on it that the committee should consider really the basic principles of the estimates and what should be included in them and what shouldn't be included in them. I think if a statement of principle can be agreed on, and the Federal Government has done this through their Standing Committee on Public Accounts, that whatever is agreed on should be presented in the estimates for consideration of the Legislature. I think that systems can be worked out to produce that information because there's getting to be a good deal of information available now on various aspects of program budgeting and we are in contact with various other jurisdictions and are able to use their prior experience.

MR. CHAIRMAN: Mr. McGill do you have a question?

MR. MCGILL: Mr. Chairman, I think one of the features we'd like to see designed into estimate presentations would be some greater facility to have program cost-benefit comparisons easily obtainable. Do you see in this form of budgeting or estimate presentation a more simple way of evaluating programs and possibly being able to recommend discontinuance of programs and to do this in a more efficient manner than under the present system of estimate presentation?

MR. McKENZIE: Well I think that the program budgeting format, it all depends on what you put into it because you can go from what Ontario has which really just provides a little bit

(MR. McKENZIE cont'd) more information than what Manitoba does and you can go to great lengths like Wisconsin does and give so much information that it's hard to absorb it. So it's difficult to tell where the optimum point is because they told us when we were down to speak to them that they felt they had too much information and the legislators couldn't absorb it and use it. I think that the provision of more specific information dealing with alternatives and cost benefits and so on is probably useful in the decision-making process, and I might say that a good deal of that type of information is worked up in the estimates review process and when it is reviewed by Cabinet in the various committees, there's getting to be more of that all the time and this is primarily work that the Management Committee of Cabinet does, supplemented by the Planning Secretariat of Cabinet. So there is a good deal of information provided but as to whether it should be printed or not I don't know. I think it's useful at the point of making the decisions on what to include in the estimates, I don't know whether it is good or not really to try and attempt to produce that type of information into the estimates themselves.

MR. MCGILL: On another matter. Earlier we talked about Wisconsin and the computer utilization they have in producing pretty current revenue expenditure statements. How does their computer capability compare with that available to your department? Do you have facilities equal to Wisconsin's at the present time?

Mr. McKENZIE: Well, I wonder in this point here if perhaps Mr. Jackson the Assistant Provincial Auditor might want to make some comment on that because Mr. Jackson was the previous Auditor of Disbursements in the Department of Finance and he did accompany us on our trip to Wisconsin and had some more detailed discussions than we did with the person who was actually in charge of the computer part of their operations. And I leave it up to the Chairman to decide whether you'd like Mr. Jackson to make any comments on that or . . . ?

MR. CHAIRMAN: Yes. We'd like to hear Mr. Jackson. He could comment and maybe add a little more information to what we've already received.

MR. CHERNIACK: The question Mr. McGill asked was whether actual revenue could be or expending can be thrown up by the machine? Is that the question?

MR. MCGILL: No. My question was, acknowledging what Wisconsin's doing with the computers in the way of current statements, how does our computer capability in Manitoba compare with that available to them? Is there someone who can make a comment on that?

MR. CHAIRMAN: Mr. Jackson.

MR. JACKSON: At the time that we were in Wisconsin certain of their facilities were more sophisticated than ours were at that time. Largely a certain amount of the sophistication comes about through an intense review of the operating techniques that are necessary to provide current information at various levels, for various levels of management. But today our sophistication as far as computerized equipment would be completely adequate to do what they were doing at that time.

MR. CHAIRMAN: Mr. Turnbull.

MR. TURNBULL: I have some curiosity about computers. Did the Wisconsin operation have greater computer power than the Manitoba Government has?

MR. JACKSON: Again, when we were down there their computer installation had a more sophisticated computer system than ours had at that time. Today ours would be certainly as sophisticated as theirs was at that time.

MR. TURNBULL: You're talking about sophistication. I'm talking about size? A simple question about how big was it compared to ours . . .

MR. CHERNIACK: Your capability without expansion. Is that what you mean?

MR. TURNBULL: Yes, I mean what kind of a machine was it? Was it a Honeywell 6000, was it, you know, how big . . .

MR. JACKSON: I believe they were operating with an IBM system at that point and in the interlude there has been another generation of IBM systems. The system 370 I believe is the most capable IBM system that's in use presently, and our government has that.

MR. CHAIRMAN: Thank you very much, Mr. Jackson. Have you any further questions for Mr. McKenzie? Mr. Cherniack did you want to . . .

MR. CHERNIACK: No. let's conclude. Thanks very much Chuck. Mr. Chairman, just a few comments. Firstly, I would propose that now that we are all very much familiar with these Ontario and Quebec forms and able to deal with them easily, that I'll see to it that we distribute copies for every Member of the House in the House, and when we get to Co-operative Development I hope that we will, as a Committee of the House, spend a little time

(MR. CHERNIACK cont'd) considering the usefulness of these other forms as compared with our existing system, to decide whether or not it is worth making the change. Because I can see that the change can be made, no question about that.

The expense of doing it is of course very great because they would have to be done to the extent they are done now, then they'd have to be converted to these other forms. I suppose once put on a machine it can be done but it still needs a substantial amount of staff time and machine time and the question is to what extent are we going to use this kind of additional arms or facilities - knowledge rather. And if I may say something a little unkind to the process we've followed in the 12 years I've been around - I'm not talking about anybody other than the ordinary MLA - is that I believe that a great deal of time is spent on generalities under Minister's Salary and not on the specifics. And if that is because of lack of information then more information might give us a more valid approach to the budget. But if we really want to, and you know I say that as having spent more time in opposition than in government, if what we really want to do is get at the Minister and get at general matters, then I don't think really we ought to invite the spending of substantial moneys in terms of man-hours and machine - I should say personalities shouldn't I? - to produce information that isn't going to be used in debate, because as you know, Mr. Chairman, and you have more limited experience than I have, we seem to spend all our time on the Minister's Salary and then zip through the programs; and if that is our real intent then why bother with printing all this additional information. If on the other hand, we do that only because we don't have the information, then I would think it might show up that when we have this Co-operative Development forms before us, if we see whether the additional information is actually being used. That should help us arrive at a decision. I've no doubt it will take quite a while to change the process over to start producing these other forms because of the cost. I think we should study it. Because when we talked to Mr. Ziprick about his report I think that's part of his concern that we are not getting into the details of program the way he thinks we should and then I think we'll see whether this kind of forms will lead us into that or whether our own inclination will keep us harping on the Minister's Salary.

I want to suggest two other thoughts, and not for decision of course but for consideration. These thoughts are thoughts I've developed over a number of years. Firstly, is my thought that we could be more effective in Committee of Supply if we dealt with the Minister's Salary last rather than first. I've a feeling that if we went through the budget process, the estimates, without the Minister's Salary and in that way have the Chairman insist that we stick to the resolution before us, and then we'd have to stick to it rather than the broad-ranging Minister's Salary, and then we come at the end to the Minister's Salary, maybe then we're in a better position to judge whether he is entitled to his salary at all, whether his programs that we've already discussed are going to justify his salary. And that's one thought I, you know, I'd like to throw out. Maybe the committee will think it worth making that recommendation.

The other one is a really revolutionary one but I think it would probably accord with my reading of the Auditor's Report, and I say this without knowing whether my own Caucus or Cabinet would agree with it, but my thought would be for consideration whether we couldn't take the Committee of Supply out of the House and into Committee and sitting around the table deal with these matters where we could have staff present - and I don't agree with the auditor who says call up the managers and cross-examine them, but I do agree that in their presence we can get information from them immediately rather than looking up in the gallery and waiting for papers to float down. And that way I think we could get a more immediate response and a more detailed discussion, especially if we agree say to - now that we have no Independents. would be even easier - to split into let's say three concurrent committees sitting in three rooms concurrently, so that more time - if we take the 90 hours I think we can cut the 90 hours in half and have three committees of 45 hours each spending a total of more hours but less consecutive time and really do a job. You know, I don't know whether MLAs generally would agree with that or not but that's my own thinking that I'd like us to consider. Maybe each of our parties may have different ideas but these are two more thoughts I had that I'd like to throw out, not necessarily for discussion.

MR. CHAIRMAN: I think, Mr. Cherniack, those points are certainly interesting you brought up, because I'm sure it's of interest to all of us to obtain as much information as we can get and get as good an understanding of the expenditures of the funds as we can possibly get; and with some of the systems that have come down over the years I sometimes wonder if we are getting the best out of the estimates or the statements of expenditures. I can certainly agree

(MR. CHAIRMAN cont'd) that it seems to be an old tradition to debate the salary first and if you haven't really gone over the estimates of the department you really don't know whether he should be reduced to a dollar or not. Mr. Cherniack.

MR. CHERNIACK: I want to add one thing if I may, Mr. Chairman. I think we're going to have to debate the question of cost-benefit that Mr. McGill refers to. I think that's not an outside judgment, I think that's a judgment for MLAs to discuss and resolve. I think it's a judgmental thing and I, you know, I'm not prepared to agree with his thought that a machine or a system will produce an adequate cost-benefit of provision of services to people. You can do a cost-benefit on the manufacture of an article but I don't think government can be cost-benefited. But that's an opinion.

MR. CHAIRMAN: Mr. Johannson then Mr. Craik.

MR. JOHANNSON: Yes, I have two questions, Mr. Chairman. One for Mr. McKenzie. He referred to a statement of principle drawn up by the Ottawa Committee on Public Accounts concerning estimates procedure, and I wondered if this could be made available to members of the committee?

MR. CHERNIACK: Sure.

MR. JOHANNSON: Secondly, a question of Mr. Cherniack. The second suggestion he made regarding splitting Committee of Supply into three committees which would run concurrently or sit concurrently. Isn't this basically the Ottawa procedure right now that you're suggesting? Or very similar to the Ottawa procedure?

MR. CHERNIACK: Well I don't even know their system. I suspect it is but I don't really know.

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: I think all these ideas that we've talked about, it's a good idea because there's quite a few things that probably can be improved and all of us have I guess wondered about different approaches, and Mr. Cherniack has mentioned a number here that I think a lot of them would find favour with the MLAs generally. But there is one other I'd like to add to the list, and that is that one of the most, you know, disconcerting parts of going over the accounts is that what you're dealing with really is accounts in that group that are over a year old and then you've got current expenditures, and in the House you're debating the estimates of expenditure for the coming year, so you're really dealing with three fiscal years all intermingled together when the House sits.

Now if the computer can actually put out the information in a matter of a month or so after the close of the year I think it would be valuable even to have a special session whose sole objective would be to go over those accounts in the more detail that have been provided by a new system of listing the expenditures. Then we could check them off - and particularly if you add like a column like the Ontario does where they show the budgeted and the actual . . .

MR. CHERNIACK: For the preceding year?

MR. CRAIK: No. Well I'm saying now if we could go over the accounts even eight months earlier, six months earlier say, than we're going over them now, they would be out of the way, and when the regular session of the Legislature came in we could go over - handle with one year. Well I don't know legislatively how you might structure it, but . . .

MR. CHERNIACK: Mr. Chairman, I wonder - I want to wait till Don is through, and I want to ascertain Mr. Anderson just how it would work. I believe that - well I know our fiscal year ends March 31, we don't close the books till about the 20-odd of April, let's say towards the end of April. Then once the books are closed then they go through this whole thing before this is produced, and I don't think this can be produced before - well when? - what's the earliest we've managed so far? - December.

MR. ANDERSON: November, December.

MR. CHERNIACK: November, December. So it's really, it's just the volume apparently which prevents it, but I wish, I wish, Mr. Chairman, that you would invite all members to question Mr. Anderson and Mr. Curtis about the process to see whether there is additional - well a lesser time lag which is what Mr. Craik is talking about.

MR. CRAIK: Well, I was really basing it partly on, I think, Mr. McKenzie's, you know, observation that in Wisconsin the accounts were out within a matter of months after. But I gather from your comment that they aren't out in the detail we would get out of the Public Accounts . . .

MR. CHERNIACK: Well let's find out the extent. I don't really know.

MR. CHAIRMAN: Mr. Anderson.

MR. ANDERSON: Well there are several sorts of things we could throw out. We could throw out, at any time, the present equipment we have and the present systems we have, could throw out revenue and expenditure, except that the revenues and the expenditures are on a--it's all on a cash basis, they're not audited figures, so you could have some unaudited information which might be useful.

MR. CHERNIACK: Let me interrupt to say we've done that before and nobody's made use of it. We've reduced it as of when - December? Mr. Froese used to ask for it.

MR. CRAIK: Well last year you sent out an advanced copy. I think it was earlier than December.

MR. ANDERSON: Well, I was going to say then, with respect, Mr. Craik, to the annual, the totality of the year, we could throw out again unaudited material, provided everybody accepted that fact, we could throw out unaudited material probably by June. We leave the expenditure accounts open until the 20th of April to pick up all of the March transactions that were completed by the 31st of March to give time for the paper work to flow through the system and get charged against the appropriation of the year it should be charged to, which was the year ended March 31st just preceding.

The books then are open, the expenditure books are open and available to the departments to clean up their year-end work till the 20th of April. We then have some adjusting entries - the Liquor Commission's audit is completed and we finally find out what the real revenue of the Liquor Commission is, how much to bring into account by way of revenue. We don't know that until the inventories are taken and the Liquor Commission and the final statement of Profit and Loss or whatever you want to call it - the difference between expense and revenue for the Liquor Commission - to draw in the last effective and accurate dollar from that agency. And this is true of all the little sub-agencies and corporations whose figures somehow end up by getting melted into the Public Accounts of Manitoba. This is what causes the great delay that keeps us until October, November and December each year, but we could come out with an unaudited statement I would think as early as by the end of June probably. We would be able to tell everybody exactly how we ended up on March 31st by the end of June.

MR. CHERNIACK: And would it be broken down the way it is in here?

MR. ANDERSON: No, we wouldn't have the supplier information, but I don't think you really want that.

MR. CHERNIACK: No I mean these categories - would they all be available?

MR. ANDERSON: I don't know whether you would get that much, Mr. Rosenhek, he now is doing the job Fred Jackson used to do for us, and he tells us that the machine and his system will drive that kind of information out.

MR. CHERNIACK: Yes but we won't have the budget though will we? We won't have the, I mean the estimates for the following year?

MR. ANDERSON: No, I'm only talking about what you can do with respect to information about the year past.

MR. CHERNIACK: But what I want to bring out is--okay, we have it in June, this - so we could have a Public Accounts meeting to deal with this but we won't have the coming year's estimates to compare with because they are not produced until - now we're dealing with them.

MR. ANDERSON: Oh, agreed. I know exactly what you mean, yes.

MR. CHAIRMAN: Mr. McKeazie, you wish to make a comment.

MR. MCKENZIE: Mr. Chairman, I would just like to clarify one point. I had made reference to the fact that the State of Wisconsin produces their financial statements and so on on the computer. Mr. Craik referred to the fact that this was produced within a month of the year-end. I don't really know the time interval involved in that, I would have to check my copy of that statement. I don't really know whether I can tell from looking at that when it was actually produced, but I just want to correct that, that while it appears to be produced on the computer, I am not sure of the timing on it, I would have to check that and I could advise the Committee on that, if it is apparent from the copy that I have.

MR. ANDERSON: Your reference was it, they brought out monthly statements?

MR. CRAIK: Perhaps I extended it there to your statements.

MR. ANDERSON: We're quite curious to know what kind of monthly statements would be useful. Ottawa, for example, produces a monthly statement, a very aggregated thing. Says we took in so much money this month and we spent so much money this month, and the result is

(MR. ANDERSON cont'd) that our surplus for the month or our deficit for the month, or our surplus or deficit for the year to date is so and so. That comes out as a monthly release and is put in the newspapers I believe. We get copies of the press releases all the time in our office. I don't know really what help it gives people, because unless you have a - just quote that terrible unemployment figure - "a seasonally adjusted figure" it doesn't mean too much. For instance, every government may be in surplus in the month of September but the big heavy payments are all going to flow in between September and the end of March. So if your report looks as though you have a surplus at the end of September, the public may get the impression - good, you know, the government's wealthy, it's going to do a lot of things for us. By the end of March all of the surplus has vanished along with, hopefully the snow, and you back down to those kind of figures you started the year out with, which represent perhaps a fairly close budgetary difference, either surplus or deficit. So that we've been puzzled to know, we can throw out those aggregative things quite easily, but we are very curious to know what members would think about it and what the government itself would think about it, there's a lot of policy considerations in the desirability at all of having that kind of information public.

MR. CHAIRMAN: Thank you, Mr. Anderson.

MR. CRAIK: I think Mr. Cherniack said that one of the difficulties would be that you wouldn't have the next year's estimates of expenditure when you - you know it would be difficult.

MR. ANDERSON: As far as Public Accounts are concerned, yes.

MR. CRAIK: But Public Accounts that you are receiving really are related to your previous year's estimates?

MR. CHERNIACK: Yes.

MR. CRAIK: So that if you followed, you know, even something along the Ontario system, as a start for presenting estimates of expenditure and actual, I think that's really what your Public Accounts committee is supposed to do. It's really a question I think of whether or not the detailed information can be made available you know at the earlier date. I think I'd add on to that - you know, some of the large corporations which have budgets that are in excess of the province's budget do bring out an annual statement maybe six weeks after their year-end. I don't know whether they have to go through or would go through, probably not, the detail that you have in the Public Accounts books here, but you know, they are dealing with budget total figures that are larger than Manitoba's budget. Maybe Mr. Anderson, you would have a comment . . . ?

MR. ANDERSON: Well I'm sure those kind of reports that are referred to - Mr. Craik's referring to, are ones where you have the Asset and Liability statements and where you have the Profit and Loss or the Income and Expenditure statements with some indication of the reserve situation and what's happened to some of the main accounts, but certainly not the detail that we have in here, where we show appropriation by appropriation the kinds of expenditures that we're making - fringe benefits and other costs \$1.50, other fees \$109.16, you know that just doesn't appear in the Corporation stuff. But what does appear, I agree with you completely, in corporate, those early corporate displays, are your asset and liability statements and your expenditure and then your operating statements, and it might be useful.

MR. CHERNIACK: Mr. Chairman, I am just wondering - you know I'm looking now at that Ontario form and you can see that we do have the information that's available to us now. I'm looking at page 1 of the Ontario form where it gives it almost the way we now have it in our own, you can see that that apparently was not too difficult, but the information you have that is not contained in our estimates book are the 1972-73 actual and estimates, and that is what we do here in Public Accounts. But in Ontario apparently, they can't give any more information than is here, simply it's obvious the 1973-74 year is not over yet - it's going to be another month and a half before the year itself ends, and then of course, it's got to take say six weeks or I don't know how long it takes to produce it. So I don't really see how we can do more than that, than is on that page. We already do exactly that only now we have one section under Estimates and one under Public Accounts. What Ontario has done is to combine the two. This is information. But I know that some members when they sit discussing Estimates have a Public Accounts book in their hand, and if they do that, if they have both books in their hands during Estimates debate then they have all the detail of the information Ontario has. You know, so I don't think there is anything magic that has been produced, it's just made handier. I just don't think it helps us that much.

MR. CRAIK: Well the other problem you have with government is that branches get shifted in departments.

MR. CHERNIACK: Yes.

MR. CRAIK: That's the worst thing to try and follow through.

MR. CHERNIACK: That's why they have this reconciliation statement on the next page, where they show all the shifting.

MR. CRAIK: But if we did have, you know, like their statement of what they plan on the actual, and could compare that, it's easier to compare what they've projected and what they actually did, than it is to compare what they did with what they're going to do next year, because there might have been a branch shifted into another department in the interim.

MR. CHERNIACK: Yes, but you know I really think that comes out in the Estimates debate I think when the Minister is there. You know, I really have a bit of a cynical feeling that I think that all the information is in our House and is usually gotten out, and this much of discussion I had with Mr. Ziprick where he said he'd like to know more, and I said why don't you read the Hansard, you'll find out, because usually it comes out anyway. But we can't start that debate at 12:30, I don't suppose.

MR. CRAIK: Well I think your suggestion of doing some of the work in committee has some merit, I think we generally, you know this is an individual comment just from going through this, I don't think you should, for instance, take the Minister's salary and treat it in committee, because it's a more all encompassing debate and the detail examination I think probably could be done in committee more effectively than it is in the Chamber.

MR. CHERNIACK: You mean - oh, oh I see what you mean. You mean something like - if I may, Mr. Chairman, I know it's adjournment time, but I'd love if we could spend a few more minutes on this. Are you visualizing something like going out of the House to deal with everything but the salary and then going back in the House and debating salary in the House?

MR. CRAIK: Yes, that's what I . . .

MR. CHERNIACK: You know, I kinda like that, I never thought of that. What that would then do, I think we'd have to do something about the concurrence stage. Right now we have too much duplication, in my opinion, and I think that if we had an understanding that we deal with everything but salary in committee and then we go back and report, not in committee but to the House, on those resolutions in a department plus the salary and then as if it were a concurrence debate, debate the salary in the House. If that's the kind of thing you're thinking about, it sounds useful to me.

MR. CRAIK: Well those details, I think your House Committee, Rules Committee, would want to look at. But from the point of view only of getting at the details of the estimates, I think it can be done better in a more informal setting.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: One other thing. Mr. Anderson has shown me the Federal Government has produced this book, "How your tax dollar is spent". It's bilingual of course, so it's half the size. And what they do is a greater extension of what we show at the back, the Appendix of the Budget Speech. It does give quite an extensive breakdown on the moneys that are spent through government. In looking at it, you'd say well that's probably a propaganda piece, and you know, maybe it is, I haven't read it, but it does contain a lot of information. We have enough copies, maybe - have we got enough for the whole House? No, well maybe we should distribute them to members of the Committee at least. And again committee might be interested in seeing whether this would be a useful publication for distribution.

MR. CHAIRMAN: Any further comment. The hour of adjournment . . .

MR. CHERNIACK: Mr. Chairman, I understand now that we have yet to deal with the Auditor's Report. Now is Mr. McGill going to want the transcript of today's information before we deal with the Auditor's Report?

MR. MCGILL: Yes, Mr. Chairman.

MR. CHERNIACK: Well I will speak to him; maybe, Mr. Chairman, you should speak to the . . . Well but now, could we, possibly if the report isn't ready, could we deal with Public Accounts if we have - you know if the report isn't ready and a morning is available? You know I really don't know that I care very much if we deal with Public Accounts but if committee cares, then we've got to get to work on it eventually.

MR. CHAIRMAN: Mr. Spivak.

MR. CHERNIACK: May I conclude this question. Would committee agree to deal with Public Accounts meeting even if the transcripts aren't ready? Really the transcripts - we have not discussed anything really that involves the routine review. You know, I'd just as soon not meet, so it's okay with me.

MR. CHAIRMAN: Mr. Spivak.

MR. SPIVAK: Mr. Chairman, I'm really surprised at the Minister of Finance when he suggested you know, that the committee should meet or if not, and so following what he would like. The fact is, Mr. Chairman, as I understand it, this committee is to review Public Accounts and to deal with the Auditor's Report. Now it may take five meetings, it may take ten meetings, it may take twenty meetings to deal with the Auditor's Report and I don't think that we are limited or should be limited with the scope.

The nature of the auditor's work . . . --(Interjection)--Well, Mr. Chairman, you know, I'm just flabbergasted, any suggestion that maybe we shouldn't deal with this or maybe it's not being conducted satisfactorily to the Minister. The fact is . . .

MR. CHERNIACK: On a matter of privilege. There are members of the Conservative Party present today, who heard what I said, not the leader who walked in from behind.

MR. SPIVAK: On a point of order, Mr. Chairman, on a point of order Mr. Chairman.

MR. CHERNIACK: On my matter of privilege . . .

MR. SPIVAK: On a point of privilege, you indicated . . .

MR. CHERNIACK: I'm still on the privilege, and I'll finish right away. I leave it to the members of the Conservative Party and Mr. Chairman you present, if he is correctly interpreting anything I said, and I say not at all.

MR. SPIVAK: Mr. Chairman, just on a point of privilege, I was in back and I heard the remarks of the Minister. I must say, I think I am interpreting correctly and I guess that's always a subject to debate. And having said that, this committee is to scrutinize the Public Accounts of the province and to deal with the Auditor's Report and it--well, Mr. Chairman, for the benefit of the Minister of the Public Insurance Corporation, I think we are getting on with the job. I think that we'll require much more time than the government may want this committee to deal with on the matters, and I think that we still require a very extensive discussion allowing the Auditor to speak so that we'd have an opportunity to be able to understand fully the scope and nature of the suggestions that he listed in his report and to be in a position to be able to guide him so that the people's interest will be protected, and that's our responsibility.

MR. CHERNIACK: That's right, and Mr. McGill prevented it from going on today and I agreed with him, but he is the one who objected to it going on today, because a transcript wasn't available. If you were here you would have known what went on.

MR. SPIVAK: Well, Mr. Chairman, as far as transcripts are concerned, my understanding from what has happened with the normal Hansard, that's a matter of a day or two and that's all.

MR. CHERNIACK: So why don't you tell your own colleagues.

MR. SPIVAK: Then why doesn't the government . . .

MR. CHAIRMAN: The hour of adjournment has arrived. Committee rise.