

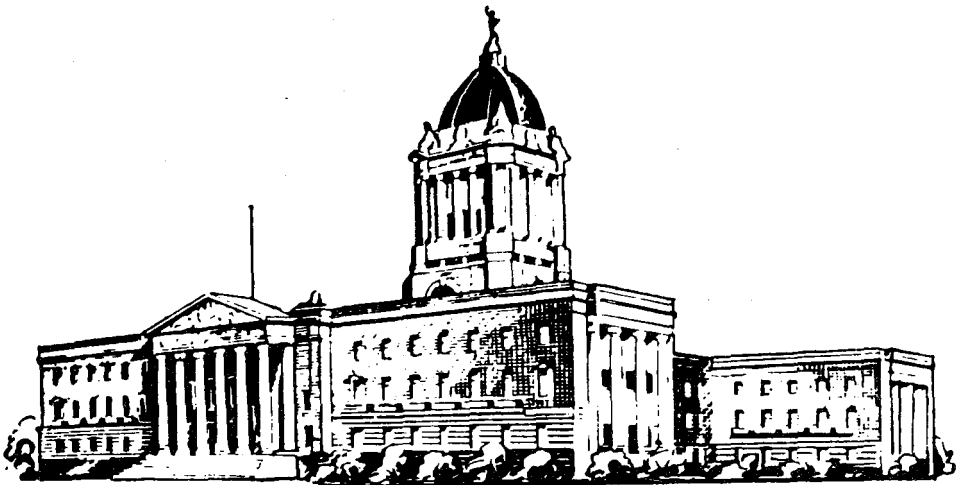


Legislative Assembly of Manitoba

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman

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



Friday, November 24, 1978 10:00 a.m.

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

Friday, November 24, 1978

Time: 10:00 a.m.

CHAIRMAN: Mr. James D. Walding.

MR. CHAIRMAN: Order please. We have a quorum, gentlemen, the Committee will come to order. We have two formalities to deal with before we get down to business. First of all, would someone move that the proceedings be recorded and transcribed? Moved by Mr. Blake; is that agreed? Agreed and so ordered.

Secondly, I have a letter from Mr. Parasiuk of this Committee informing me that he wishes to resign from this Committee, as of November 23rd. Would someone move the resignation be accepted? Mr. Miller moves; is that agreed? Agreed.

MR. DONALD W. CRAIK: Mr. Chairman, maybe the Clerk could advise what the procedures are for replacement when the House is not in Session?

R. CLERK: I go to the Committee itself.

R. CHAIRMAN: In that case, we have a vacancy on the Committee. Mr. Cherniack.

R. SAUL CHERNIACK: I nominate Mr. Schreyer.

R. CHAIRMAN: Mr. Schreyer has been nominated to fill the vacancy. Is that agreed? Agreed.

R. CHAIRMAN: Agreed. I also have a note that was handed to me from Mr. Wilson, who regrets he will not be in attendance at this meeting. Mr. Craik. Order please. Mr. Craik.

R. CRAIK: Well, Mr. Chairman, in starting off the proceedings this morning, I thought perhaps we should indicate what might be the government's preference in the different items we deal with. The practice in the past has been to deal with the Auditor's Report, then the Public Accounts, and that seems to be the logical procedure we would recommend following.

This year, in addition to those two items, there will be changes proposed before the Session of the Legislature with regard to changes in the Act. Perhaps we could leave that until the third item and deal in the usual manner with the Auditor's Report first, then go on to Public Accounts and then at a later date, I presume we won't get all of these done today anyway, but in that event we'll come back at a later date to either finish off what's not finished of the first two and then the third step, which would be the change to the Act.

R. CHAIRMAN: Is that agreed? Mr. Cherniack.

R. CHERNIACK: Mr. Chairman, unrelated to what Mr. Craik has just said as to the order, I'd like to know about procedure. The Provincial Auditor has, time and again, recommended that there be more specific rules and guidelines established for the operations of this Committee. I'd like to know if Mr. Craik has any suggestions or proposals in this regard.

R. CHAIRMAN: Mr. Craik.

R. CRAIK: Well, Mr. Chairman — Mr. Cherniack are you referring to — at one of the last meetings a communication from the Auditor to myself was tabled as information, which is really a prelude to proposed changes to the Auditor's Act. Is that what you're referring to?

MR. CHERNIACK: No, Mr. Chairman. I'm saying that Mr. Ziprick has proposed that we have certain guidelines. One of the things, and for some reason that I don't quite know, he didn't refer to specifically in this current report we're dealing with, but he has in previous, was the procedure of bringing in managers of departments to be available to discuss their programs and their audit. I don't know why he didn't mention it in this audit report, they did on previous occasions, but in this one he says that he recommended that if the Public Accounts establish more specific rules and guidelines for its operations, that this would also enhance the system. So I'm wondering what Mr. Craik is proposing in that regard.

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Well, I think there were a number of things discussed at other meetings, including whether or not Ministers should be asked to appear before the Committee on certain items. I think it was in that particular instance that it was decided not to.

I don't recall us making any decision at the time to invite others as well. I mean, this topic was debated at the time. I think if you have a particular item that maybe we should deal with it on an item by item basis. It hasn't been the practice to bring forward. . . .

I don't know how much you want to roll this Committee into in terms of examination. Usually the specific items do get pretty well aired in the Estimate process. If there is a specific item that you think ought to be looked at at this stage of the game, let's talk about it when we come to it.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Well, Mr. Chairman, I just want to clarify then; my impression was that Mr. Craik said of the previous series of meetings, that he would look into these suggestions. But whether or not my impression is correct, can I now assume that Mr. Craik does not accept the suggestion by Mr. Ziprick, that management be called before this Committee to answer questions directly? I just want clarification, because the previous government did not accept that recommendation and I'm not sure how the Conservative Party looked on it then or now.

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Well I think we would deal with that in the third step, that is, any changing in the procedures with regard to the examination of the accounts or the Auditor's role I saw coming as the third part of our deliberations of this Committee; and quite frankly it hadn't occurred to me that you might want to change the procedure prior to us looking at changes in both the Audit Act and the Financial Administration Act, because they both are involved in your question. That is really the third step of this Committee's work.

MR. CHERNIACK: Well, Mr. Chairman, I don't think either of those Acts are involved in the procedure of this Committee. The suggestion was made that in dealing with the audit and dealing with the accounts, that directors of divisions within departments should be available to answer directly for the management of their various divisions. That has nothing to do with either the Provincial Auditor's Act nor the Financial Administration Act, it has to do with whether or not this Committee will call these various people before it to respond, and that is within the present right of this Committee.

The point I'm making is that since the previous government did not accept the proposal and since Mr. Craik and his government have been in power now for over a year, I'd like to know what they have come to a conclusion that is different from the previous, and whether they are prepared to accept the Auditor's recommendation. I assume not, but I'd like to hear Mr. Craik say so out of fairness to and a clear understanding of how we're going to operate.

MR. CRAIK: Well, we're both repeating, Mr. Chairman. My recommendation would be that we deal with that in context with both the Financial Administration Act and the Provincial Auditor's Act, what we will be dealing with in this Committee, prior to the sitting of the Legislature and if there is going to be a change we deal with it at that time.

MR. CHERNIACK: Well, then, Mr. Chairman, I have to conclude, that in view of the fact that it is Mr. Craik's intention to deal with both the Auditor's Report and all of the accounts before we deal with the proposed amendments, that for this year at least the suggestion of Mr. Ziprick is being accepted. I think that's a fair assumption because if he says we won't deal with it, we will discuss it until after we're through, then clearly we won't do it this year.

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R. CRAIK: I guess that's a reasonable conclusion. I don't suppose the world's going to come to an end if we don't deal with it before the third stage of these sittings. I would leave that open enough to any comment that the Auditor would wish to make on it. At this point I don't wish in any way to not give consideration to any specific items that he may wish to see brought about before that stage.

R. CHERNIACK: Well, Mr. Chairman, if Mr. Ziprick is going to comment, as invited by the Minister of Finance, could he also tell us why it is that in this last report he has not mentioned this specific proposal that appeared in previous years dealing with having management itself come before the committee?

R. CHAIRMAN: Mr. Ziprick.

R. ZIPRICK: Well, the suggestion that officials appear before the Committee was only one suggestion. The broader suggestion was made as to the approach of the Committee and to what path, and really what extent it will get itself involved. Now, other committees, Ontario, Newfoundland, have been reviewing their procedures. They are delving in a much more substantial depth into the accountability of various expenditures and in the accounts of the province. I had produced some information last year that the members showed interest in. I felt that there would be a review made of what other committees are doing and see to what extent that it's useful and effective, and then make a more overall sort of guidelines and statement of what this Committee intends to do and to what extent it intends to delve into the various expenditures, into the systems of accountability.

So as a result I did not include this individual item on the basis that my feeling was that there possibly will be a review in a much more broad sense of the work of the Committee, and this would be just one of the items that would naturally have to be considered. Pretty well most of the other Public Accounts' committees that are active do call officials and do hear quite extensively of the workings of the administration.

R. CHAIRMAN: Mr. Cherniack.

R. CHERNIACK: Well, Mr. Chairman, I wonder if I could ask Mr. Ziprick whether what he is talking about would have to do more with the manner in which the accounts are being presented to this committee, in relation to the description of programs and the kind that he does deal with in this report, the kind of information that is supplied, I think, at the time of preparation of estimates; and what is what he has in mind then would he think that it is best at this time when Estimates are in the process of being worked on, for this Committee to discuss the format for the estimates, so that it will answer his suggestion to give greater clarification to the Committee when it comes to deal with these items next year?

R. ZIPRICK: Yes, this whole thing is interrelated, that to some degree the kind of information that is brought forward at the present time, the requirements to get explanations are not as necessary as to have the complete system in operation.

Now, what's being proposed in the changes in the system and the method of estimates and the method of accountability will make it much more necessary for further explanations to get the whole picture. For example, I suggest in here in one place that there should be variance explanations with regard to the estimates, where the estimates were quite specifically directing certain things and adjustments had to be made, and the actual is at variance with the estimate and there would be explanations.

How to get further enlightenment on these particular explanations — I may not be in a position to provide that, the Department of Finance will probably not be in a position to provide that — only people that would be able to provide more explanation on why these kind of changes were necessary that created that variance are the managers of those particular departments. And if this committee is interested in getting behind these variances and their validity and expressing some opinion they will, of necessity, have to call the managers before the committee. So there is a relationship here and I guess this is where Mr. Craik connects the two, is that the proposed amendments called for more specific accountability into the system, and there again that would necessitate more information being brought, and quite a substantial amount of that information would have to be provided by people who are most knowledgeable in that area and that is the managers.

R. CHAIRMAN: Mr. Cherniack. Shall we then proceed to the Auditor's Report, gentlemen? On

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Page 1. Page 1—pass; page 2—pass; page 3. Mr. Doern.

MR. RUSSELL DOERN: Mr. Chairman, I would like to ask some questions here and maybe make some comments in passing. This is a section dealing with public buildings and public works and this comes up in a number of places and there are two buildings that I am particularly interested in here, one being the new Provincial Garage and the other one being the old Provincial Garage. Now, it is my understanding that the auditor made a study of the costs of continuing to keep the new Central Provincial Garage empty — it has been unoccupied for a year and could have been occupied as of last January or so — and he gives figures in the report that it is costing \$280,000 annually on interest charges plus \$90,000 in terms of heat, light and security for a figure of \$370,000 which the government is paying out because it cannot find another use for the facility or because it is unwilling to use the facility.

I wanted to ask the Auditor this: It seems to me that he ignored the other side of the coin which is, in effect, the operation and efficiency and cost of the operation and cost of the inefficiency of the present Provincial Garage. That facility was built in 1947 when you had a fleet of some 300 vehicles, now the fleet has expanded to some 2,400 vehicles. There are, I think, some obvious inefficiencies in that particular operation: for example, the men are available to do vehicle repair but they cannot do all the vehicle repairs because of the crowded conditions, etc., and consequently a number of vehicles are farmed out to other auto body shops, etc. Also they can't do larger vehicle repairs and all of those are farmed out, and there was talk at one time of doing Winnipeg School Division buses, etc. and taking care of them.

There are tremendous inefficiencies in terms of the fact that cars are forever being jockeyed around from various lots to the operation, that they are continually being moved within the facility and so on and so on. So for these reasons, and other reasons of urban renewal and future requirements, our government decided to replace that facility, move into a new facility and make other uses of the old garage. Now we have the exact opposite by the current government where they are not using a properly built and planned facility and that has a price tag of \$370,000 a year. They cannot find a use, they cannot think of a use, they cannot make use of it. The old garage they continue to use in all its inefficiencies and all of its waste, so I would like to ask the Auditor first whether he did, in fact, look at that operation, and if not, whether he would be prepared to undertake an immediate study of that particular facility to attempt to ascertain the cost to the public purse of operating out of crowded quarters where the work cannot be properly done?

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: No, we haven't studied it in particular. The reason that we are making reference to the new building's space not being occupied is a matter of information at this point pointing it out, basically. Now the reason that we haven't pursued the other side is because we have been told that there is a new policy under consideration and a review is being made as to what extent fleets are to be purchased and operated by the province, or to what extent rental of vehicles would be gone to, and then having rented the vehicle you wouldn't have to service it you'd get it complete services. So that there are a number of ways that this kind of thing can be handled, so until that policy matter is cleared up, I think that any kind of review of that nature would not be useful.

MR. CHAIRMAN: Mr. Doern.

MR. DOERN: Well, Mr. Chairman, is the Auditor indicating that certain, either alternative uses for the new facility have been indicated to him, is he indicating that?

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: No, we have no indications as to what uses the new facility would be put to but we know that the policy with regard to operating provincial vehicles is under review, and the number of vehicles that you mention, if, instead of buying vehicles you are going to rent them, including complete servicing, then you wouldn't need a garage of any consequence in the province, so under this policy of what direction the government is going to go with regard to providing vehicles is settled then the space for vehicles is cannot be really considered.

MR. DOERN: So the Auditor is indicating to me, Mr. Chairman, that the government has been talking about this for over a year, that they may be, in fact, striking out in a new direction in regard to the fleet. However, meanwhile it is costing \$30,000 a month for the government to be making its decision, that this is the price tag of the indecision on the part of the government under which they are reviewing the cost of renting vehicles, etc. But I am asking the Auditor again whether

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gets his information from the Task Force or whether this was sort of just a general observation or an indication given by a Minister because there was talk about this in the Task Force Report with no action following?

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: No, we have indication by the Minister that this thing is under review. Now, as to the extent and what direction it is not for me to comment, it would be up to the people who are setting the policy.

MR. CHAIRMAN: Mr. Doern.

MR. DOERN: Could you indicate which Minister, the Minister of Government Services or the Minister of Finance or . . . ?

MR. ZIPRICK: The Minister of Government Services.

MR. DOERN: And so in the meantime we have to wait, you are saying that you don't feel that you have the authorization, or would there be no value in you examining the present operation of the Provincial Garage because if they determine not to use it for its designed purpose then they will, of course, continue to operate out of a facility that is servicing a number of vehicles, four, five, six, seven, eight times as many as there were when it was originally built.

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: Well, I think, there is probably general agreement that at the level that it was being operated that there was inefficiency but there is no point in trying to do an evaluation if you don't know what level of operations is going to be carried on, so one of the first things that must be established is what level. And having established the level then a person could determine on that basis as to whether the operation is efficient or not, but if the level is significantly reduced then obviously this operation would be adequate.

R. CHAIRMAN: Mr. Doern.

R. DOERN: I would then ask the Auditor whether, if he were given the authorization to proceed, assuming that this issue was decided, does he have the in-House ability to conduct such a study, even his staff and normal terms of reference could he make an evaluation of the efficiency of the operation of the existing garage?

R. CHAIRMAN: Mr. Ziprick.

R. ZIPRICK: No, no we don't have that technical expertise but we would certainly look for the department to be making some form of evaluation and we would take a look and see what that produces. But there is not much point in suggesting an evaluation when a policy is under review. Now, as to the length of time taken to review that policy, you should ask for observations from the people that are deciding. Unless it got to a very extreme situation the Auditor can't get involved so quickly and be too critical on times when it does take time to change a policy.

R. CHAIRMAN: Mr. Doern.

R. DOERN: Well, Mr. Chairman, I would simply comment then that I think that it is well known that the trade-offs are, what the price is, what the cost is of having a government fleet versus renting and superficially some might argue, well it is cheaper to rent, but I think the facts can prove otherwise. Similarly, if the government decides to convert this building, the latest rumour that I have heard that it is considered to be converted to office space for government services. Now that is only one of many rumours that we have heard but, I think, that is also a well known fact as to what the costs of conversion are on a building with a particular function when it is renovated for another purpose has quite a price tag attached to it. I would then like to ask the Minister of Finance, who is the only Minister present, I believe, and ask him whether he can indicate when the government is going to make up its mind because it is costing \$30,000 a month for it not to make up its mind?

R. CHAIRMAN: Mr. Craik.

MR. CRAIK: Mr. Chairman, we are looking at a number of options for the use of the building for its destiny and in due course I presume it will be announced by the Minister of Government Services or the government at any rate, as to what the exactly what will be done with regard the building or with regard to government fleet policy.

MR. CHAIRMAN: Mr. Doern.

MR. DOERN: Well, I would then make this statement in sort of summary unless my colleague open up some new avenue here. I would simply say this, that I think it's demonstrated by the Auditor that it's costing \$370,000 a year to keep the present new provincial garage empty by government policy. I would also submit that it's probably costing \$100,000, or \$200,000, or \$300,000 a year in inefficiency to continue to operate the old facility, and regardless of what use the new building is put to, as long as they keep using the old one it's going to cost a great deal of money every year. The logical policy would be to move in and use the facility which was properly designed for that purpose and then to find another function — storage, whatever — for the old garage. That would obviously be an intelligent approach.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, I've been listening to snide remarks about that garage for a year now and now the Auditor points out the cost of just maintaining that empty building but I did not have an appreciation of the cost to government of what Mr. Doern refers to as inefficiencies in relation to continuing to operate as the government is now doing. It seems, therefore, that there is a cost that we don't know about. Mr. Ziprick has indicated he has not taken on the task of assessing that ongoing cost, which is, I suppose, a result of the government's failure to make a decision. Therefore, I suppose, as the Minister of Finance says — I believe he's chairman now of the Treasury Board — should express real concern about not only the cost of maintaining an empty building with all the mileage that the Minister of Highways made out of the fact that it's empty, to consider very seriously a pretty quick response to what to do about the inefficiency that would appear as resultant from present operations under inadequate circumstances.

So I think that what was a joke is not a joke and that members of government, especially the gentlemen opposite me who are thinking in an amused fashion about this, should be very concerned about the losses that are being suffered in that way.

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Out of the total figures here that are being used, regardless of whether the building was occupied or not occupied, the carrying charges on the sunk costs alone are roughly \$280,000 out of the total and it isn't necessarily a saving to immediately and with great haste move in and try and utilize the building and somehow come to a conclusion that you're saving dollars. It may in fact, be much more expensive to occupy it than to not occupy it. I think the interesting suggestion we have here is somehow there is a failure on the part of the current government because it has figured out how to make use of this . . .

MR. CHE: IACK No, oh, no.

MR. CRAIK: . . . this investment. Mr. Chairman, I would think that it must be again an indication here that so far the indications are that there was no need for the building to have been built. That would be our conclusions. It's obviously not the conclusion of the former government or they would have built the building. There hasn't been, out of the different options that have been looked for for the building, it hasn't been a case of leaving it there as a white elephant to point to by the present government. The former Minister of Public Works and the current one have both been actively looking at options for the building and when the right, proper one comes around we'll act or to the best interests of the public purse, whether that's direct use by government or use by somebody other than directly by government. That hasn't turned up yet though.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, I want to make something very clear to Mr. Craik. I am not saying that that building should be used for the purpose for which it was built. I am saying that it now appears, especially from what he just said, that they are looking at other options for the building and if that is the case, then I would say to the Provincial Auditor he shouldn't stall around

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more but he should start studying the question of efficiency of the current operations of the Provincial Garage, because his explanation for not going into that was that the government hasn't made up its mind as to what it is going to do about the fleet policy and therefore it may be used for the garage or it may not be needed because of a change in policy of ownership and operation of vehicles. Mr. Craik is now suggesting that the question is how to use that building which seems to imply — and he's also suggested that there was no need for this building. If that is the case, then what is happening to the current operations of the Central Provincial Garage and is he prepared to leave the impression with us that everything is fine and that there are no substantial inefficiencies because of the alleged inadequacy of space. Now that becomes a matter of greater concern and urgency. Either his Treasury Board or Management Committee, or whatever it is that is concerned with efficiency within government, should be certifying that there is an efficient operation now, today, without the need of that building or it should be making a decision very quickly as to what is to happen.

I would ask Mr. Ziprick now, in the light of what was said by Mr. Craik and which I interpret as saying, well, we don't know yet how to use the building, that Mr. Ziprick got to look at the operation of the Central Provincial Garage as it is now to see whether or not it is efficient, because it may be that the government thinks it's okay, the building wasn't needed, therefore things are going along smoothly. If that's the case, we should know from Mr. Ziprick whether he thinks that's the case or not.

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: Well, as far as I'm concerned, to the best of my knowledge, when we last looked at it there was no decision with regard to the policy of the operation of the present garage and its volume of operation.

MR. CHERNIACK: Well then, Mr. Chairman, in the light of that, I've got two interpretations of what I heard. My interpretation of what Mr. Ziprick said was that if the government is going into a change in fleet policy, then there will have to be consideration given for how to make best use of that building. What I heard from Mr. Craik is something different. I heard Mr. Craik say we are studying alternative uses for that building, and he did not say that that is related directly as to whether or not there will be a change in fleet policy.

So I would ask Mr. Craik, if there's no change in fleet policy, is that building to be used for the purpose for which it was built?

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Mr. Chairman, I presume it wouldn't rule out any use of the new unused building, at least until such time as the fleet policy is re-examined, which is under way at the present time, there wouldn't be any decision with regard to the utilization of the new building for that purpose. Present indications are that in the event of continuation of the fleet policy as it has been, still would not necessarily require the use of any of the space in the new garage.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Well, in the light of that last statement, I would ask Mr. Ziprick directly and with some sense of urgency, to look at the present operations of the Central Provincial Garage, because Mr. Craik indicates that it may well be — I'm not putting, not his words — that that building would not be necessary if there's no change in policy, and Mr. Doern, the former Minister, says that there are inefficiencies as a result of inadequacy of space. Now there's a conflict between the two persons and I would again ask Mr. Ziprick, as the Provincial Auditor, to have a look at that operation and see whether it's operating properly now, under the present circumstances.

MR. CRAIK: Well, Mr. Chairman, I think Mr. Cherniack's probably not recognizing the fact here that the size of the fleet can change as well and under the course of the present government the fleet size would be smaller than it would have been under the former government because you would have a lesser number of vehicles required. So you're putting whoever looks at it into the position of not only looking at it in terms of the history of the thing but trying to project what the fleet is going to be into the future and that is in a state of change at the present time.

So what you're really asking in effect for the Auditor to do is to set government policy in this regard and I don't think that the Auditor ought to be put into the position of appearing to be responsible for that.

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MR. CHERNIACK: Mr. Chairman, I fully agree, the Auditor is not responsible for setting policy the government is. The government has been in control with an able Minister for over a year in this very field and the government has not yet determined a policy and, as a result, there is the allegation which cannot be denied, because it has not been investigated, that there is inefficiency and therefore loss occurring as a result of the government's delay in determining a policy. I think that it's that.

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: Well, as a standard audit procedure, we look at these things every year, so we will be looking during the course of the next five or six months, and whatever we observe at that point we will be making known.

MR. CHAIRMAN: Mr. Doern.

MR. DOERN: Mr. Chairman, our decision to build a new garage was based on the inefficiency of the old garage and to me there's sort of a chicken and an egg situation that's developing here. If the Minister of Finance is determined to demonstrate, if that's the main object, it seems to me the main object of the government should be to have an efficient Central Provincial Garage, and I see that as moving into the new garage and then making another use out of the old facility, either for storage or whatever.

But if the government is determined to demonstrate that the new provincial garage was necessary, or isn't necessary, they can achieve that. That, I think, is what they are attempting to prove. I mean, if that is their sole object, all they have to do is lay off more civil servants, reduce cars instead of providing a fleet and lay off people in the Central Provincial Garage. In that way, by taking certain policies, they can then attempt to demonstrate that the new facility isn't required. That, to me, would be going about it in a backwards way and that's partly what I read out of what the Minister of Finance is saying. They're not looking at the present situation, in which case I think they would have long ago occupied that building, long ago had an efficient operation, long ago stopped paying the amount of money required to keep a building empty. If it is their intention to prove by adopting a whole series of new policies that that facility should be kept empty or was required in the first place, I think they can achieve that.

If that's what the Minister of Finance is telling us, that the one thing that they're not going to consider is using the new Provincial Garage, then I think they can bring that about, but there's going to be a tremendous cost factor there: The cost factor of renting vehicles rather than buying them and leasing them out on a self-operating basis, by laying people off, etc., etc. They can bring about that goal and that objective, but that doesn't solve the present situation whereby they have had a whole year to either use the facility for its original and proper and planned use, or to find an alternative use. They're still monkeying around with that, they're still trying to come up with something whereby they can prove their original position which was that the garage shouldn't have been built, and they're not examining — this government isn't examining and unfortunately the Auditor isn't examining what it is costing the taxpayers to continue to operate the present old central provincial garage. He has told us one-half of the equation, \$370,000, to keep the new facility empty. He hasn't told us, and they don't know, although I suggest it's several hundred thousand dollars a year, what it's costing to keep the old facility empty, while the government either makes up its mind or does something to try to justify what I regard as an untenable position.

MR. CHAIRMAN: Mr. Schreyer.

MR. EDWARD SCHREYER: Mr. Chairman, it's difficult to ask the Auditor to look into and comment on matters that are of a direct policy import, but certainly the auditor, in undertaking to look into a matter, one of the great virtues of that office is the relatively ready and manageable access to numbers. And in undertaking to look into the matter, could we have, since the facility is approximately three to four decades old, could we have brought forward specification as to number of vehicles in the Province of Manitoba fleet at the time when the facility was built — in other words, what was the size for which it was designed and constructed — not every year but then every decade thereafter, taking a ten-year spot check to see whether there is any correlation between the size of the Public Service and of the fleet of the province, the automobile requirement of the province and the size of that facility? Surely there is a numerical correlation which can be looked up objectively and dispassionately without any comment, necessarily, as to policy implication on any part of the auditor's office. So I make that both as an observation and a request.

MR. CHAIRMAN: Mr. Ziprick.

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R. ZIPRICK: Well, that information would certainly be available. It might be a little difficult to get at the moment, but . . .

R. SCHREYER: I'm not asking for it at the moment. I realize that it requires some retrieval and since I am making the request only with respect to end of each decade or end of each ten-year period, as opposed to doing it on an annualized basis; I don't think it's necessary.

R. ZIPRICK: Yes, well I don't see any difficulty in obtaining that kind of information.

R. CHAIRMAN: Any further discussion on this particular point? Any further discussion on Page 3—pass; Page 4 — Mr. Schreyer.

R. SCHREYER: Mr. Chairman, I'd like the Auditor to elaborate with respect to the last sentence of the first paragraph. It seems like a straightforward enough observation on his part; nevertheless, I am reading it now, literally, "When public debt is repaid, the value of the asset is written off." Is this with respect to public buildings only or are you applying this generally?

R. ZIPRICK: It's general application. When money is borrowed, the borrowing is associated with a particular asset and as it is being retired the value of the asset is reduced so that the value of the asset and the outstanding debt are equal.

R. SCHREYER: And this would apply to a structure of indeterminate duration?

R. ZIPRICK: That's the accounting policy that has been followed for many, many years.

R. SCHREYER: So that on any statement of assets and liabilities this, by definition, would tend to understate the asset position.

R. ZIPRICK: Well, understate the historical expenditure for the asset position. The present value is another thing, but historically you have spent X-number of dollars, then you keep writing down the debt is repaid. And we had a situation here where there was only a hundred thousand dollars something that was still owing on the Legislative Buildings so it was carried a hundred thousand dollars at that point in time. Now it has been repaid so there is no value attached to it.

R. SCHREYER: But I mean would Exxon follow such a policy with respect to its corporate headquarters?

R. ZIPRICK: No, in the commercial area the different accounting principles apply and the value of the assets are carried is either the cost of the asset or appraised value if some appraisals have been made, and that particular value then is amortized to operations. The accounting systems in the public sector or for governments don't work that way because depreciation charges really don't have any particular meaning.

R. SCHREYER: Well, I won't pursue the point. There is no ultimate answer to a . . . basically an assumption, longstanding assumption.

R. ZIPRICK: Yes.

R. SCHREYER: Completely arbitrary. Without a rationale that would be accepted or deemed critical in the private sector.

R. ZIPRICK: No, well the private sector accounting is designed for a different purpose; it's designed . . .

SCHREYER: Yes.

ZIPRICK: . . . to measure equity and taxing authorities, whereas in the public sector it's more designed to determine how much is being passed on by way of either value, if cash value or deficit, to future generations. As far as placing a value on lasting assets and what benefit they accrue to equity in the form of measuring any kind of social benefits, there is no way of doing it.

SCHREYER: Well, as I say, Mr. Chairman, I don't see much immediate purpose in pursuing

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it. The reasoning would be realistic enough with respect to buildings of an unusual kind, such as this one, but with respect to buildings of a purely functional nature I just say in passing that I do see that the assumption is any more realistic than would be the case if it were the kind of practice that was engaged in by any large private corporate entity. However, it's of no immediate relevance.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, I just want to point out to Mr. Schreyer, who says to not pursue it for the time being, it is my impression — Mr. Ziprick or Mr. Craik can confirm it — that the intention of the government next year to eliminate any reference to assets; is that correct?

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: Yes. I understand that this is going to be done, and this is consistent with what is being done in pretty well all or most provincial governments and the federal government of Canada and the difficulty in trying to carry these kind of things is the identification of the actual borrowings with the specific assets, and we here in Manitoba, although we're trying to identify it, it has come to such a state where it's difficult to trace. Now, where this concept of accounting gained prevalence is in the municipal accounting, and in the municipal accounting they are not allowed to finance current operations on a deficit basis except by specific one-year levy and restrict it. Then the capital, when expenditure is approved for a specific project then the money is borrowed and that specific project is built, so there is a continuous relationship and as the recoveries are made to pay off the debt then the value of the project is reduced and when it's paid off the project remains fully paid and is to the benefit of future generations. But in a provincial setup the situation is much more complex because the province does deficit finance on everything during certain periods of economic conditions, and other times there is surplus financing; so there are borrowings associated not just with buildings and structures but other kinds of borrowings and you can completely lose track of this kind of association.

So that, really, I think I mentioned several years ago that this municipal kind of reasoning about accounting really is not relevant in the provincial sphere.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Well, the explanation, I think, is clear, it then means that there would be a statement showing what are the assets, tangible or intangible, of the province, there would also be a statement showing cash assets and liabilities. Is that correct?

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: Well, if we follow what Canada, for instance, and Ontario does, they have in their public accounts a statement of all the tangible assets and their costs with the total, but as far as the balance sheet, it's all carried at one dollar.

MR. CHERNIACK: So there would be an itemization, which I believe from your report there none exists, of all the buildings, for example, all the land, all machinery of any size, owned by the province with its original cost, undepreciated?

MR. ZIPRICK: Canada, for example, has a statement in the Public Accounts showing all its assets of that kind with the original cost. I don't know just in our situation, because of the write-off that has been followed, — we have a listing of all the assets — as to whether it be easy to pick up the books and show on the list the original cost or not, I don't know, it's something that would have to be discussed with the Department of Finance.

MR. CHERNIACK: That also means, Mr. Ziprick, that unlike any commercial corporation, there would be . . . since not showing that kind of tangible asset or intangible asset, there would be no receipt kept of accounts receivable — I mean no inclusion in the statement of accounts receivable and payables.

MR. ZIPRICK: Well, if we follow the present procedure, and basically the present procedure is being followed by Canada, Ontario and most other provinces, that the accounts receivable are just carried in nominal accounts. The amount that is receivable is known, but only taken into revenue as a

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when collected. Then it would continue as the present basis.

MR. CHERNIACK: And the same with accounts that have not yet been paid.

MR. ZIPRICK: Well, accounts payable is a little different in that right now we hold the books open for one whole month and all the invoices that are received right up to the end of April are all processed as of March 31st.

MR. CHERNIACK: You say "processed", you mean paid. Cheques are issued.

MR. ZIPRICK: Well cheques are issued and they are shown as outstanding cheques but in effect they are in accounts payable because they . . .

MR. CHERNIACK: But they are charged up as being accounts charged to the various estimate appropriations . . .

MR. ZIPRICK: In the old year.

MR. CHERNIACK: In the old year, and are then lumped into cheques outstanding, like bank overdraft, in effect. Thank you.

MR. CHAIRMAN: Mr. Miller.

MR. MILLER: Mr. Chairman, through you to Mr. Ziprick. If I understand it correctly, what you are saying is that the asset once it's paid for has no value as far as government bookkeeping is concerned, whereas in the commercial field, of course, the building may have been built 20 years earlier and although it may have been depreciated for tax purposes, that any firm which wants to sell or has no further use of a particular property wouldn't sell it at the book value or the depreciated value, they would sell it at market value. Is there any intent on your part to indicate to the public, through the Legislature, what the true values are? You know, buildings were built perhaps 20, 30 years ago, they are paid for by now, or the amount outstanding is very small, but at the same time the assets that the public owns is considerable because of inflation. A building that may have cost a million dollars 20 years ago probably costs \$4 million today, and if you had to sell it, or if you went to sell it, you wouldn't sell it at zero, you wouldn't sell it at original cost, the likelihood is that because between the land and building it would bring far more than what it had cost originally, it is an asset owned by the public. Surely that is something the public should know.

MR. ZIPRICK: Well, valuations of that kind, market valuations, is a fairly costly process and even when in many instances it's quite subjective because, for instance, some of these kinds of buildings, how would you buy them for what purpose, and what's the market consideration, so the valuation of that kind I'm not sure just what purpose it would serve. Now, if we wanted to demonstrate today, at the end of any point in time, in market valuations what we are leaving to future generations — the line of bricks and mortar and concrete then that process would be worthwhile, but it would be a very costly process, it would still be inconclusive, and then there are so many other intangibles that are being passed on between one generation and the other generation, such as using natural resources, to what extent have you used it excessively or not, and many other things, that it still couldn't be of any particular benefit to measure as to how fair we presently are to future generations, it's unfair, so for that reason I think it would be an exercise that would be costly and would have very little benefit.

MR. MILLER: Mr. Chairman, putting aside the intangible assets like the value of the health scheme, which you couldn't put a dollar figure on and I couldn't, but no one argues about the value of it, when talking in terms of physical assets and I'm saying that if a building like the Norquay Building, which may be all paid for by now — it was built when, in the fifties? And by now it probably is paid for. If it's shown as zero value, there's no doubt in my mind that if it was sold tomorrow to the market to the private sector or to anybody that it wouldn't be sold for one dollar, and if it was I'd buy it and I'd make a lot of money on it, or you, Mr. Ziprick? What I'm saying is that physical assets that are owned by the people of Manitoba should be known by the people of Manitoba and not downgraded or belittled so that they really have no value, so it all seems like there's only debt, there's no asset. That's what's coming out of all this, and I think that's absolutely wrong, because there is value in the assets which are owned by the people of Manitoba, whether in the form of a building or in the form of land, they have a value for this generation and the next generation. And it will continue to enhance over the years as land values, we know, have never

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gone down, they've always gone up, sometimes rapidly, sometimes slowly, but in the long run the will rise in value and that value is something that accrues not only to this generation but to the next generation, and somewhere it should be indicated — if you don't want to keep book on it and it could be subjective land valuation, I agree, it is subjective; you'll get two appraisers and you get two evaluations, but somewhere in the middle is your answer. And even if you take the lowest evaluation it still has some value; nobody will value it as zero. So that I think it's important that the public know and should be told that what they have acquired over the years has a value and not just treat it as something that was a debt that was incurred, now the debt is paid off and we have nothing for it, and I disagree, we have a lot and the public of Manitoba benefits by whatever is owned by the public.

MR. ZIPRICK: I wouldn't disagree to this point, that there is continuous confusion in that people try to associate a deficit or a loss sustained by an operating company with the deficit that's shown in the provincial accounts. Now, that deficit is backed up by various kinds of assets, but they are not being accounted for on the basis of fee for service, and as a result there are no measurements being placed into the economy for those particular assets. They are very useful. For example, highways are very important to the overall economy. Now, you can have poor highways and that there would be a drag on the economy, you can have highways that are very elaborate and the obviously the economy may not be able to afford those kind of highways, so there's something in between that's desirable but I don't know just to what extent these kind of things can be measured in the economy. But I think it's very important that people do realize that a loss sustained by a company in which you take all the costs, including their fixed assets and your amortizing, and you arrive at a loss, that the service that it provided, or its sales did not cover, is not the same kind of a loss that is shown here as a deficit on the province's books.

MR. CHERNIACK: Mr. Miller.

MR. MILLER: Well, Mr. Chairman, exactly, because the public cannot differentiate and because they don't understand the difference between government accounting and commercial accounting do you not think it's advisable for the public to get a better understanding — and after all, that's what we're doing here, we're trying to explain to ourselves, and through us to the public, that the fact when MHRC, for example, owns about a quarter of a billion dollars worth of property, that it's an asset, it is not a debt; it is not simply something that's written off because it was acquired in 1970 and there's very little owing on it now, that in fact if it was sold out you could get triple the amount that was originally paid for it because of what has happened to land and building costs in the last seven years. And it's that sort of information that the public should be made aware of because it really is owned by them, and it has value in that sense, public information. You are talking about accountability. Surely that's a prime requirement for accountability.

MR. CHERNIACK: I notice that the Premiers don't tell . . .

MR. ZIPRICK: No, but he's keeping the books.

MR. CHAIRMAN: Any further discussion of Page Three? Page Three — pass. Page 4 — Mr. Cherniack.

MR. CHERNIACK: The second last paragraph on Page 4 states an opinion by the Provincial Auditor. I want to know whether he has any legal basis for that opinion.

MR. ZIPRICK: Which . . .

MR. CHERNIACK: Well, it deals with the Manitoba Data Services division and its deficit. As I understand it, the division belongs to the Telephone System and that its deficit has been accumulated because — well, because of obvious reasons, that it hasn't had revenue sufficient to pay for its expenses — but the Provincial Auditor states as an opinion that a substantial amount of the deficit should be chargeable to the province, and I want to know if he has a legal basis for that opinion.

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: Well, only to that extent, that the telephone users and the rates for the telephone are set and approved by the Public Utility Board. When the Manitoba Data Service was taken over by the Telephones it was established that in no way would the accounting be mixed up so that

would be a clear accounting and be able to demonstrate that the telephone user is not in any way subsidizing the data service. So if the Data Service usage cannot be recovered from the telephone users then it must be recovered from the users of the Manitoba Data.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, it is a recognized fact that in most cases when businesses start to operate, the start-up costs and other incidentals relating to the beginning years of any corporation usually bring in a deficit which is subsequently made up by, and expected to be made up of future profits. In the case of a service industry, then the rates in the future would be expected to take care of the need to amortize capital investment and accumulated deficit. Now, it means to me that an independent corporation makes a contract and if it makes a great profit then the user might say, "Well, I don't want to pay you as high a rate as you've charged in the past", or if it has a deficit, then it would tell the user, "Well, now, you're going to have to increase your rates in order for us to make up the deficit". That's the way it's normally done.

Now, I don't know of any suggestion in this paragraph that indicates that the Telephone System must pay the deficit. There is a total advances shown of \$13.4 million. Now, that has to be repaid, not by the users of the Telephone System but by the Data Services division, and whether part of that is made up of a physical inventory or — I don't know how it operates, I'm just looking for an understanding of the Auditor's thinking. Either the \$13.4 million would be made up of tangible stock on hand, which may be worth less or more than it costs, or it is made up of accounts receivable, or it is made up of deficit which has to be made up in the future. There are various ways in which it would be handled, all \$13 million, not just the \$3 million, and for the Auditor to say now that he thinks the province should pay it indicates to me that he is implying that that operation will be closed off right off the bat and therefore there will be a shortfall of \$3.1 million, but that's not necessarily so. There could be, over the next few years, sufficient profit which would generate a surplus, and surely the users of the Telephone System are not entitled to use that surplus either. So, that's why my question was, what is the legal basis for this opinion? I would like to know, is there a contractual obligation for the province to pay it?

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: Well, the rates are set by the Manitoba Telephone Board, which is really an arm of government, so I look at this kind of an operation as purely in-house operation, and being an in-house operation, the costs should be picked up consistently, or otherwise you could devise a number of these in-house operations and then flow in the costs arbitrarily as you saw fit, so as far as I'm concerned, being an in-house operation, the costs have been incurred. Now, if there was a reason to say that this expenditure is being deferred because there are some benefits that are going to accrue to future generations, but it's not, it's a loss that's been sustained. There's no accruing to the future and the only loser is the Province of Manitoba, so in essence, that loss is the province's loss and any consolidation that you would carry out in a non-arm's length company like that, you could bring it all in and it would be a loss to the parent company.

R. CHERNIACK: Is the Manitoba Data Services limited to dealing only with the Province of Manitoba as a customer?

R. ZIPRICK: Well, it had a broader mandate but in reality the other customers are significant.

R. CHERNIACK: Well then, is Mr. Ziprick saying that in any Crown corporation, any temporary setback should be paid for by the parent?! For example, Manitoba Hydro has had a deficit in its early years of operation. The auditor didn't say that the parents should pick up that deficit. The auditor, to my recollection, never said that that deficit in any one year, and it's not a future thing, should be paid by the parent. It was the duty of Hydro to raise the rates in order to make up its deficit and I believe that duty has been imposed on the Telephone System as well, and I would guess that when the Utility Board set the rates for the Telephone System on occasion it may have had to take into account a deficit from a previous year.

So that I come back to asking Mr. Ziprick whether he feels that every year a deficit must be picked up by the parent corporation even though it may be a start-up cost or even though it may be something that over a period of time will develop into an operation which would bring back the deficit into the black position.

R. ZIPRICK: I would say the start-up cost that would be considered a start-up cost which has

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future benefits would not be brought into the loss, so you wouldn't have a loss in the first place it would be a deferred asset to be . . .

MR. CHERNIACK: Well, it's a bookkeeping thing you're talking about.

MR. ZIPRICK: But in the commercial world that's the way you look after items that you do expend on today that will have benefits to future income, but in this case it's been established that there's no benefits to future income, that it is a loss, and the loss incurred was incurred by the Province of Manitoba using that service.

MR. CHERNIACK: Well, the loss is incurred by the telephone system which apparently did not operate the Manitoba Data Services Division as a profit, for a profitable basis, and I again come back to the legal question and Mr. Ziprick has not answered that he has a legal basis for that. He just says well, it's apparent, so therefore the parent is responsible for its child, I assume. But am I correct? I'm really trying to make you give an unequivocal answer. Is there a legal basis for this opinion?

MR. ZIPRICK: No, it's not being given on any legal basis. It's an attempt at consolidating all the various losses into the area of the parent which is the Province of Manitoba.

MR. CHERNIACK: Would you take the surpluses as well?

MR. ZIPRICK: Any significant surpluses could be considered on the same basis or should I be considered on the same basis.

MR. CHERNIACK: So would you say that a Crown corporation that accumulates a surplus should throw it in annually into the Provincial revenues?

MR. ZIPRICK: If you're trying to get an overall picture and particularly through the user like Hydro where the people are actually using the service, but in this case the Province of Manitoba is using the service and building it into their system and for that reason we feel that it's just really part of the Province of Manitoba operation.

MR. CHERNIACK: Why didn't you recommend that the Data Services Division be part of a department of government or a department of government rather than owned by utility?

MR. ZIPRICK: Oh, I don't think that that has too much relevance, really. It's just they're the kind of vehicles or structures that are set up to manage it.

MR. CHERNIACK: No, if you say that this kind of an operation should be part of the deficit of the province, picked up by the province, then really if the province is the only user, as you say, then why turn it over to utility at all? It seems to me that the way you described it it ought to be part of the government services and that would therefore give you a justification, a legal justification, for your opinion and say, well, that's part of government so that therefore it's a cost of government. Wouldn't that have made more sense to make that kind of a recommendation than it would be consistent with your point of view?

MR. MINAKER: Through you, Mr. Chairman, to Mr. Ziprick. One of the questions I'd like to raise is with regard to the source of revenue for the Data Services Division. Did you, or could you say when you were auditing the statements and so forth whether the revenue that was given to the Data Services Division, was it simply established by the department in its estimates, that this was how many dollars that they were going to spend on computer services and then hand it over to the data services, or did the data services establish an hourly rate and then say this is how much we're going to charge you an hour for the services?

MR. ZIPRICK: An hourly rate was established and the charges on the basis of the hourly rate.

MR. MINAKER: So there was no correlation to necessarily that if one department had an estimate of \$200,000 worth of computer services, in actual fact it could be \$180,000 or \$250,000 depending on how many hours they actually used and depending on the hourly rate?

MR. ZIPRICK: Yes.

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MR. MINAKER: In most cases did it show that there wasn't any cost relation when you compared, or did the department compare the estimated expenditure for this service and the actual charge from data services?

MR. ZIPRICK: The expenditures could not exceed the estimate because if they exceeded the estimate they'd need a special warrant to pay for it so there was either sufficient money in the estimates to pay for these services, or if there wasn't sufficient money then a special warrant would be needed. I don't recollect any special warrant so that there would be enough money to pay for

MR. MINAKER: Mr. Chairman, maybe I misunderstood Mr. Ziprick, but I thought that if the department had X number of dollars to expend it might go over one little item, but as long as they didn't over expend in the overall department there wouldn't be any special warrant.

MR. ZIPRICK: In the overall vote.

MR. MINAKER: What I'm saying then, Mr. Chairman, being that if there was \$200,000 in there for computer services that the department couldn't spend \$250,000 if they didn't spend \$50,000 another area in that department.

MR. ZIPRICK: We haven't checked within the resolutions the specific movements of the various categories of expenditures and there probably would be movements from one category to the other.

MR. MINAKER: Then my final question, Mr. Chairman, to Mr. Ziprick is, in the Data Services Division did their sources of revenue for the year in their estimates of revenue, was it just a summation of the revenue that was estimated in the other departments?

MR. ZIPRICK: No, there's a regular billing system that . . .

MR. MINAKER: No, what I'm saying is they must have had some source of revenue indicated for their estimates for their year of operation coming up. Would it be just a summation of all the different services that they expected to get from the other government agencies based on what was in the estimate Book for that agency's estimated usage of the computer for that year?

MR. ZIPRICK: No, the estimate would be arrived at the other way; knowing the hourly rates you would try to determine how much usage you'd have, you'd extend it at those hourly rates and place that amount in the estimates. Now when the hourly rates change then naturally there could be a deficiency and you'd have to make it up, but that's the process of placing it in the estimates.

MR. MINAKER: Okay. Thank you.

MR. MILLER: Mr. Chairman, to Mr. Ziprick. As I understand you correctly, what you're basically saying is this: Because Manitoba Telephone is a Crown corporation it should not be looked at in the same way as, let's say, in Ontario where Bell is a privately-owned corporation and if Bell undertook a contract, by agreement, to supply the Government of Ontario certain services and had a shortfall, then you wouldn't suggest that the Government of Ontario should pay to Bell what Bell miscalculated. Is that correct so far? But you are making the distinction in Manitoba because it's a Crown corporation. I would say to you that because it is a Crown corporation — and it is, although it's set up by government — separate from government itself — if the Crown corporation in its first year underestimated costs, its start-up cost, like any other business — and you know no business in its first year covers its full investment, it's got to be a pretty good business if it does that — it writes off everything and comes out clear. If you do it in two years you're doing well, or three years you're doing well, so that if the Telephone System, you know, the Data System, Data Services, was wrong in its costs of operation, its start-up costs, then surely this is something that could be recaptured from its customers whether it be the Government of Manitoba or other customers which they hope to get over a number of years, and the rate would reflect the recovery as well as the current costs. Doesn't that make more sense than to say, "Well, because it is a Crown corporation then we can't deal with it, or shouldn't deal with it the same way as the Ontario Government deals with Bell," because I know the Ontario Government does use Bell services and pays what Bell wants if they're unable to pay the costs. Otherwise they try to go elsewhere. And yet there's no suggestion in Ontario that because Bell suffered a loss that the Ontario Government should pay more than it contracted

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for.

MR. ZIPRICK: Well, there's quite a difference between Bell and Ontario Government and a Crown corporation and the province. In Bell the Ontario Government has no obligation for Bell liabilities and whoever has funded Bell knows that if they cannot recover they'll go broke and they'll have to carry the loss, whereas in a Crown corporation if the Crown corporation gets into difficulty the province cannot limit its liability by saying, well, take the Crown corporation, collect on it, and some other management start running it. The province has to take over all the losses and put the piece together and keep on going, so there is a very big difference in that regard.

MR. MILLER: Mr. Chairman, theoretically you're right, but the fact is that if Bell finds that it requires more money it goes to the Utility Board and since they guaranteed a return of investment they get an increase in rates, so there's no question they're going to go broke. They can't go broke because of that particular requirement and so they can always recover what they're short or a rate is in order to reflect the increased costs. What I'm saying is that to simply take one year operation and say this is a start-up cost, they underestimated for whatever reasons, I don't know what the reasons are, it was a new venture and they didn't break even on the new venture, therefore you the government who are their clients, should make up that loss. And I'm saying that that loss can be made up over a number of years like any other business because there are start-up costs which don't recur in the second, third, and fourth year after things are moving smoothly, and at that point in time the recovery could be amortized, as I say, over any number of years rather than . . . what I'm objecting to is the suggestion on your part, your thinking that because it's related to government, therefore it's all one pot, and if it is all one pot then we wouldn't have an MTS. They'd just let the government run it. Let it be a department of government.

MR. ZIPRICK: I would see no difficulty in the government running MTS. All I see as the difference in MTS is it's fee for service. In other words, it's the accounting and it's an entity established through this particular instance you're going to cost it on a commercial basis and recover it from the users.

MR. MILLER: Over a time. Over a time. Not immediately.

MR. ZIPRICK: Well, on a proper cost recovery basis in accordance with accepted accounting principles. Now as to what extent you'll carry deficits for some period and recover it from subsequent usage, that's another thing, but basically the rates are set to recover at cost on a commercial accounting principal basis.

MR. MILLER: That's right. And on a commercially accounting principal basis you don't necessarily recover all your start-up costs in one year. You can't. Your investment cannot be recovered in the first year. You recover it over two or three years before you even make a profit.

MR. ZIPRICK: Yes, but on a commercial accounting basis, start-up costs would not be a cost that year's operation; it would be deferred, and as a result it would not be . . .

MR. MILLER: You know, in a commercial firm it depends on what it pays you to do for tax purposes. You can load it all in one year if it pays you to do that, or you can spread it over three years if it pays you to do that. You know, their goal is somewhat different than ours.

MR. ZIPRICK: Except that in accordance with accounting principles, and even the tax takes that into account, you can defer certain costs . . .

MR. MILLER: That's right.

MR. ZIPRICK: . . . you can't others. And if there is a cost that's being incurred that's going to be beneficial to the future revenue earning capacity, then it's quite understandable that it will be deferred and will not be put into that year's costs so you don't have a loss.

MR. MILLER: It can be deferred or not deferred depending entirely on what pays the company to do, and I'm saying the same can apply in the Manitoba Data Services even though they're not involved with an income tax problem.

MR. ZIPRICK: In those kind of situations, if we were auditors we would qualify the statements and say that there were excessive costs loaded in against this year's revenue.

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MR. MILLER: Then I think you'd lose your account because you would be costing them a hell of a lot of money in tax purposes.

MR. CHERNIACK: He wouldn't last long, let me tell you.

MR. CHAIRMAN: Any further discussion on Page 4? Mr. Cherniack.

MR. CHERNIACK: The last paragraph. I'm wondering about the use of the phrase "consistent with previous practice." Isn't that the principle of government accounting that we discussed earlier, that you deal on a cash basis? And I'm wondering why the Auditor put in the words "consistent with previous practice". Was that necessary to justify the fact that shared costs are not reflected in the balance sheet, Mr. Ziprick?

MR. ZIPRICK: No. It's just that there was consistency used in the cut-offs so that you would not have a distortion through the cash cut-off inconsistency.

MR. CHERNIACK: I understand. It's just that . . . Suppose I could show you that in 1973 the shared costs not yet received were included as revenue. Would that then say that this is not the correct procedure?

MR. ZIPRICK: Well, it would be inconsistent with what was done before and to that extent it could be a manipulating attempt to influence that year's revenue.

MR. CHERNIACK: It could be a manipulating attempt to influence that year's revenue. But if that revenue was truly due for that year, would that be manipulated?

MR. ZIPRICK: Well, within this present context it would be because if we're going to bring in the revenues that are due for that year, then we should go completely to the accrual basis and be consistent. On the other hand, if we're sticking with the cash cut-off basis, we should be consistent with the cash cut-off.

MR. CHERNIACK: Thank you.

MR. CHAIRMAN: Mr. Schreyer.

MR. SCHREYER: Well, especially on that point I was going to raise it on other pages. I have it marked out here, but since it closed from the last paragraph of Page 4 as well, I really would like to get to the bottom of this. If we're not to use a cashflow basis then presumably we use accrual basis, but then the need for consistency is very great. Are we to understand that shared cost payments which we have been advised by Ottawa that there's been overpayment, so then that is subtracted from the current fiscal year, and also when advised by Ottawa in a different context at a different time but relating to the same fiscal year, that there has been underpayment, the very opposite, that the one is not included as revenue but the other is included as an expenditure. Now, surely we must get better clarification and rationale than that; because on Pages 24, 27, 30, we find references which would seem to indicate that in departing from cashflow we seem to be going on to a system in which overpayments are subtracted even though the expenditure flow has not been incurred and acknowledged under-payments are not treated in the same way. What's the rationale?

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: I would say here the statement is in the narrow sense of the cash flowing in and being in. All the cash was taken in and it's consistent that the cash was taken in. Now what's been done under this other system that you refer to is, is that too much has been taken in and it's been realized out, so the treatment of receiving cash has been treated in a consistent manner. But that's the idea that we've received some cash that we shouldn't receive and as a result it will be deducted back, it was specifically set out as an item through an entry system, other than cash, what we're saying here, the cash was consistent, all the cash was taken in. But then the realization for the other one is another area that was said, well, we'll take so much out because we have to pay it back.

MR. CHERNIACK: It's called manipulating.

MR. CHAIRMAN: Mr. Schreyer.

MR. SCHREYER: I don't know whether we can deal with it, Mr. Chairman, omnibus, or whether we should deal with it as we come to each of the three or four pages later on. But in a nutshell it would seem the last paragraph of Page 4 is as good an omnibus point as any. It's not that complicated. With respect to equalization payments, income tax and corporation tax there was an indication received from Ottawa of 6.9 plus 16.5 plus 7.2 of overpayment. Okay, that's overpayment and if it's going to be treated in a certain way with respect to the books at year's end, then what about those equally formal acknowledgements or indications from Ottawa with respect to the secondary shared costs, and other shared cost programs in which there were 15 to 20 plus \$5 million for a total of \$22 to \$28 million of under-payment which was acknowledged as being due and payable to this province. Wouldn't it be logical and consistent to treat it in the same fashion and relative to the same fiscal year? I mean, either we're on a cash flow or we're not; and if we're not then can there be any other way than to treat receivables and payables to the senior government, exactly the same fashion. That's the guts of it.\$

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: Well my own feeling that this is . . . not being on a reasonable accrual basis with Canada, that's the kind of situation that we can get into.

MR. SCHREYER: So we stay on a cash flow.

MR. ZIPRICK: Well, if it's strictly on a cash flow, then this kind of overpayment can also create inconsistency because we've had similar overpayments and they've deducted them all in the last payment of the year, or the last two payments, and this year for some reason they chose to deduct it over 42 payments. Now in the next year, so then our accounting here gets involved with Ottawa's decisions of what fits into them, and if it's expedient for them to do it this way, then we're faced with an inconsistency. So I think it is a problem area and it's been a problem area for some time.

MR. SCHREYER: Well, Mr. Chairman, I acknowledge it's a problem area and indeed discussion could go on incessantly, but I think it's relevant to ask the Auditor to the extent that he may be aware, whether the Government of Canada did offer, either insisted, offered, or is willing to accommodate any request for netting out the overpayments and underpayments?

MR. CHERNIACK: They would have taken the payment in March if they'd offered it.

MR. SCHREYER: Just netting it out so that there would be a minimization of this problem area so to speak.

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: I don't know. As far as I know they chose to do it this way and that's what Finance was told. Right up into March there was every indication that it was going to be deducted, and then just at the end of the year this other system was chosen. But the Department of Finance here and they can better explain it than I can, but that's the situation as we saw it.

Now I don't want to take an unduly strong stand in this area. It's been disclosed that's the way the situation there is, \$30 million that was offset in another year, as to which year it applies we can argue either way — I don't want to take an unduly strong stand because the present system it does present problems, and I would like to see some firmer policy whereby we would do so by accruing, and by accruing then we could, wherever it's clearly indicated that we're entitled to that money, that we would build it in that we're entitled to that money for that fiscal year.

On the other hand where we're overpaid, it would be the same way, and to me that would then be the fairest method of accounting between years.

MR. SCHREYER: I don't argue with that for a split second. I suppose I shouldn't ask you further. It's not a case of wanting you to take a strong stand, rather I would like to know if the Government of Canada itself had an attitude which the province accepted or in fact circumvented, namely, that if there were overpayments and underpayments, did Canada wish it to be netted? Were they willing to net it out? Do they wish it to be netted out, and if so, why wasn't it netted out?

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MR. ZIPRICK: I personally was not involved in any of these discussions.

MR. SCHREYER: There was no flow of communication involved in your office in that particular aspect?

MR. ZIPRICK: No, so you would have to deal with the Department of Finance on that.

MR. SCHREYER: Thank you very much.

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Well, I was going to ask, in this total question, I guess it's impossible probably to accrue to years where the books are closed. We've been recently advised of a correction from prior years, of overpayment of \$13 million. We've announced it in the quarterly report that . . . go back to 1977-78, or the year prior to that, 1976-77, a correction in overpayment for those years, that Ottawa had just advised us of really two years after the fact. But they're claiming it's an overpayment and we're going to be shorted \$13 million in this current year. There's no way you can go back and accrue it to books that haven't been closed for two years, I presume? It has to show up somewhere. In this case it's going to have to show up in the current year. We've already indicated in the year end projection for this year because we're going to have to account for it in this year. So I presume you reach some sort of a compromise solution. I think the question would be then, and perhaps you did answer it here, is there any consistency between what the Federal Government does and what the Province of Manitoba does? Do we and are we and have we been attributing cash flows — or not cash flows — are we attributing to the same fiscal year, cash transactions that take place on a consistent basis? In other words, are what we received shown in their books the same year as they show in ours, or is there any intent at an interprovincial level or intergovernment level to do that?

MR. ZIPRICK: Generally in the cash flow, and if we've been on a cash flow basis then we've been doing it in as received by Canada; now Canada in some instances has slowed down payments, other instances has accelerated. What their motivations and logics are for doing that, I don't know. But when we are on this kind of cash basis and if we're going to . . . then we are subjected to have to follow their logic, and if for some reason or other they find that it's convenient for them to slow down on payments then we will have to take it, we wouldn't have it in that fiscal year, it would be in the next fiscal year. That's why I say that if we used some system of reasonable accrual we would make that reasonable because in some instances it is quite difficult to decide, particularly the accrued cost claims, it's quite difficult to decide at that point in time what the definitive amount will be. So claims are put in and they're almost rejected maybe in the first instance in totality and only after some negotiations is the adjustment made. So that's why there would have to be some reasoning applied in the instances where it hasn't been completely accepted.

But in instances where it's completely accepted or within the agreements it's completely due and receivable by Manitoba or due and payable by Canada, that those items should be reflected on an accrual basis and I think it would assist in giving us some control of deciding consistency in application.

MR. CHAIRMAN: Mr. Miller.

MR. MILLER: Mr. Chairman, so far as intergovernmental claims are concerned, as the Auditor says, they are always in a state of flux from one year to the next, from one month to the next, just as the Federal Government has in the past overpaid, they've underpaid very often just as often, and it is difficult... Why the Federal Government will accelerate payments one year and then they will slow it down the next year probably is their own cash flow problem and that's not something that we can second guess.

The point is that as far as the province itself is concerned, it has been the practice in the last years to work on a cash flow basis. If the money that has been anticipated didn't come in, we couldn't claim it as having been received. We could be angry with Ottawa, we could claim that they're slow, we could be critical, we could ask them and prod them and urge them, but in the analysis, if the cheque did not arrive, it could not be shown as revenue for that year. It was shown as revenue for the year in which the cheque was received. It could have been in May instead of March which has happened before. So that what I find strange is that this year, however, or last current year, \$30 million which was, Ottawa claims an overpayment — and I don't question it isn't the first one — is being charged up against the fiscal year 1977-78 which is a departure from certainly the last few years that I recall in the way it's handled. If we try to go to an accrual

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basis and try to work out a system, I think we're going to get ourselves really involved in the possibility of manipulating the cash flow. I think we're far better off to stick to a straight cash flow basis. If the money comes in within a fiscal year, it's credited to that fiscal year; if it's paid out within that fiscal year, it's charged against that fiscal year rather than try to ascertain whether or not it is a payment for 1975 or 1976, because I am sure there are accounts which are still being negotiated and discussed going back to 1975 and 1976 for various programs in which both governments are involved.

But what I'm concerned about is that if we start tampering with a system that works on other than a straight cash flow, we start tampering with a system that is very clear, very simple, and getting involved in a system which can become very cumbersome and leaves itself open to a lot of moving of figures back and forth. In this case, an amount was received by Manitoba, Ottawa claims it was an overpayment. Maybe it was, but we know that estimates for moneys to be received from Ottawa are just estimates and we know that they vary every year. I've seen them where the estimates are too high and I've seen them where the estimates are too low and yet we've never allowed ourselves to base our accounting on that basis. It's when the cheque is received or when Manitoba makes a payment to Ottawa, accounts payable, that the actual transaction takes place.

So it bothers me to see here introduced a new method of trying to charge back an inflow of money in one fiscal year and charging it to another, because if we do that, then you open up the whole field of accounts payables and what is owed by whom and should it be charged to this year or next year. If we get into that, I think you're in an impossible position. I don't care how simple you try to make that, it's going to be subjective as to whether this is something that should be accrued and netted out or something that shouldn't be. It becomes very subjective and I don't think that two, three years down the line it will prove to be very satisfactory because there are such massive swings from year to year between estimates and what actually occurs, both what Ottawa has to pay and what Manitoba's share might be. So I'm concerned if you're talking terms of setting up some sort of netting system.

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: Well, I think you know, you're making a good point there, Mr. Miller, that this is a difficult area and in the context of reviewing our accounting systems that these kind of things should be considered as much as possible and we should state our accounting policy to be reasonable, as clear as possible, and then follow it. So I think that there should be some review and research made to determine just over the past years how difficult or not certain applications could be and then evolve an accounting policy that would be stated and followed. Then we would audit according to that policy.

MR. MILLER: Okay, the policy we've been following has been a cash flow basis and that has been the policy I think that you've been following and you've accepted all these years and yet this is a departure from a policy which has been followed the last few years.

MR. ZIPRICK: It's a departure from a policy in the last few years but there has been these kinds of entries before, some years back.

MR. MILLER: What years would those be, Mr. Ziprick?

MR. ZIPRICK: Well, I've checked and going back to about 1969-70 there was some . . . (Interjection)—

MR. ZIPRICK: . . . well, 1968-69. Chairman.

MR. MILLER: 1967, 1968, 1969, that's right, Mr.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, it's really Mr. Craik that is responsible for what has been done here and the word 'give, manipulate' I think applies very well. It was manipulative exercise on the part of Mr. Craik. The reason I raised the question on Page 4 is that Mr. Ziprick said, "consistent with previous practice shared costs receivable are not reflected." The only thing he didn't say later is that inconsistent with previous practice, there was a \$30 million accounts payable in effect showing an accrual, and he didn't say that but that's, you know, this is his report, I don't fault his report. I fault Mr. Craik.

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MR. ZIPRICK: That's stated in another page that . . .

MR. CHERNIACK: At another part.

MR. ZIPRICK: . . . it's inconsistent.

MR. CHERNIACK: I see, well, that's good. I didn't see it. I looked at Page 15 but I guess somewhere on that page it says it's inconsistent. Well, Mr. Blake says, "Touche," and he's right. The touche is the Minister of Finance who in a manipulative manner took \$30 million of revenue in that year and pushed it off, in effect, into this current fiscal year and thus adjusted the books. .

MR. CHE (—Interjection)— IACK: Pardon? Mr. Blake — no, I'm not going to quote him; it's not fair to him because he makes enough trouble for himself directly without help from others.

Mr. Chairman, the point is that in this case the Minister of Finance issued a statement where he took \$30 million, adding it to the deficit for that year, and did it to the benefit of this year. Now there isn't the slightest doubt in the world, in my mind, that when the Government of Canada wrote that letter, which I assume was before April 30th, it would have been glad to receive payment from the Province of Manitoba. There isn't the slightest doubt in my mind that out of consideration for the financial problems of Manitoba, they said, "We'll take this money back over an extended period of time." That isn't unusual; that happened before. It happened, I remember, in a case where it was found that a vast equalization overpayment was made back in the early seventies and there was no negotiation, and I'll bet you there was negotiation, and probably pretty good negotiation, carried out by the Department of Finance to get this \$30 million spread over a period of time.

But I am guessing that the Dominion of Canada books do not show a corresponding account receivable of \$30 million — that's just guesswork. I do know that the manipulative efforts of the Minister of Finance in this respect did put in as an expenditure an item of \$30 million which wasn't expensed and really that's something that we will yet deal with with him, either now or later, or both now and later, but I am a little disturbed at Mr. Ziprick's apparent acquiescence to the thought of changing previous practice into showing accruals because I can see all kinds of problems.

Somewhere in his report he deals with the fact that assessors in the, I think it was in either the Department of Finance or Mines that dealt with mineral taxation, I think it was, were late in finalizing their accounts. Now, let's assume that what happened is what I'm sure happens all the time, that on April 28th an assessment went out to somebody for a tax payable for a previous year, and that is clearly an account receivable and that will be collected because the province has the power with which to collect these accounts subject to bad debts, that that should also then be shown as an accrual — taxes assessed, taxes billed, payment not yet received. That's not much different than the shared costs that we referred to on Page 4 as being moneys that are known to be payable. The amount may not be exactly known but the fact that it's payable is known. Mr. Ziprick seems to accept the thought that maybe we should show the shared costs as an accrual for the year in which — what? — in which it has been determined? It might be from two or three years prior.

I remember a time when we were sitting in an office just below this one, about 1972 or 1973, something like that, where we discovered, and the Federal Minister discovered, that his department was something like three years behind in determining the moneys payable under, I think it was the education shared costs program. —(Interjection)—

MR. CHERNIACK: Manpower Training, Mr. Miller says. But it means that there is always that, it always takes time, and to start showing accruals as Mr. Ziprick seems to think is acceptable, I think we are going to create a great deal of uncertainty in the books and I was concerned about that because earlier this morning, I think he made it clear that he believes that it should be a cash system, that the arrangements work on a cash basis reporting on what is actually received, what is actually paid, although I don't expect him to publicly condemn the Minister of Finance for doing something which is not in accord with normal practice, this form of manipulation, yet I'm glad that there is a footnote to the statement that makes that clear and that he has reported it extensively. So it's clear to him that I'm really aiming my remarks at except to the extent that he seems to be saying, well, maybe we should be doing that in the future, and that disturbs me.

So, before I, you know, point out to Mr. Craik what I think is manipulation, I'd like to know whether Mr. Ziprick really has thought through this concept of accruals.

MR. ZIPRICK: I make this observation on the basis not as far as taxpayers but between Government of Canada and the Government of Manitoba. Now, Quebec has been using that approach for a number of years. I haven't checked as to what kind of difficulty they're running into. I'm not sure about Ontario but I know Quebec has been using the accrued method between the Government

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of Canada and itself for a number of years and my understanding is basically that then they take in, not based on Canada's cash flow into revenue but based on what they're actually entitled to. So I just make that observation knowing that another province is actually doing it. I am not saying that we should do it, but I think it would be worthwhile to have a look.

MR. CHERNIACK: Okay. Well, as long as Mr. Ziprick is not saying we should do it. I thought he was saying that it might be a good idea to do it, or something positive in that way, but now he is saying we should look at it. Well we should look at everything. But he is not prepared to recommend that policy.

MR. ZIPRICK: No, not without further study.

MR. CRAIK: Mr. Chairman, Mr. Cherniack in his usual slippery way has introduced another one of his terms. I thought maybe over the summer he . . .

MR. CHERNIACK: Mr. Chairman, on a point of privilege.

MR. CRAIK: Well, I didn't know that the word slippery . . .

MR. CHERNIACK: On a matter of privilege, I have not used abusive language to the Minister of Finance nor to Mr. Einarson, yet, and if Mr. Craik wishes to introduce into our discussions that kind of language, then he invites response. I hope I can rise above his level and not respond his way, but he must realize that it may happen. I think I was as direct as I could be in saying that he was manipulating and did manipulate the books. If he calls that slippery, then he doesn't know what a direct approach is.

MR. CRAIK: Mr. Chairman, on this phoney point of privilege just made, that we're trying to establish that the word slippery is more abusive than the word manipulation. Mr. Chairman, then we will argue about the point of privilege for some time. The word manipulation also lent itself to 1973-74. So you know, in your own headline hunting in your own slippery way, Mr. Cherniack, you go ahead and proceed in exactly the way you want to and, you know, we will proceed in the usual way and the books will be kept in a consistent manner, they will be kept in a consistent manner and I can assure you that it will be done as consistently as it could possibly be done. There will be nothing manipulative done about it. You want to make a case. The last case you tried to make was on capital carry-forward, which is another phoney argument which went down the drain because you realized, although you didn't admit it, that after you made the argument you should have added \$40 million to your prior year's deficit if you carried forward with that argument, but you wouldn't recognize that — now you want to make a case for \$30 million.

I have told you we just had indication from the Federal Government of an overpayment for two years ago of \$13 million that we have already credited into this year and into our year-end projection and you've got the gall to accuse us of manipulation. Well I can say that you are in your usual slippery pattern and haven't changed then .

MR. CHERNIACK: Mr. Chairman, now that Mr. Craik has gotten rid of his abuse and not responded at all . . . Oh, there is more to come; he has indicated that there is more of his type of language to come. I want to point out that Mr. Ziprick used the word manipulative as being a means that could have been used to distort the presentation of last year's audit if shared costs receivable and not yet collected, would have been included in the balance sheet. He used the word manipulative I accept it and I charge Mr. Craik with it. Having done that, he has not explained why he has done what he did in a manner which is not consistent with past practice. He says he will continue to be consistent. Does he mean he will continue to be consistent with this kind of — all right, I won't use the word manipulation — but this kind of distortion of the books by showing an account payable — not a cash payment but an account payable as being an expenditure — does he call that that kind of consistency he will use, in the past, or will he be more consistent and not show these accounts payable as being paid in the year in which they have not been paid? So what does he mean by consistency?

MR. CRAIK: It's all disclosed. What are you talking about?

MR. CHERNIACK: Well, then, he says that if we are inconsistent and disclose it, it's okay. Mr. Chairman, what is disclosed to the public by him, by his Premier is talks about deficit, and in effect to be consistent with a number of years going back, to be consistent with what Mr. Ziprick describes as being the proper presentation, cash in, cash out, they have taken \$30 million attributed as

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deficit to the year in which the payment was not paid and therefore changed the picture in a manner which is completely inconsistent with previous practice. And now he says we are consistent — why, because we disclosed it?

I assure the Minister of Finance that had he not disclosed it, the Auditor is there to have seen to it that it would have been disclosed. So let him not take too much credit for telling the truth. I don't think that telling the truth is something for which anybody needs to take credit. I think that in this case he says, "We showed it so it's okay", but the fact is he also showed what appeared, to people who know provincial accounts, appears to be a deficit which is \$30 million more than it was to be consistent with anybody else who knows how to read provincial accounts in previous years. And that is the case, that he is not justifying but just being abusive about and thinks that by bringing in matters where we were quite right in pointing out that last year they claimed that they were going to use certain moneys; that they were planning a deficit, a budgetary deficit, of X-dollars; that they were, in effect, preparing to spend much more money from authorized but unused capital expenditure general purposes and that he says, We knew we were wrong. We were absolutely right, because the fact is showing up that they are spending more than they said they would spend, that's all, and that they asked the authority to do.

Next year it will be different, because of the change in the accounting procedures that he proposes, but this year he has definitely distorted the record by that \$30 million.

MR. CRAIK: Mr. Chairman, we now have another accusation of distortion here, Mr. Cherniack suggesting here that the Auditor has laid it out in his report. I would remind him that the Public Accounts, which are put by the Finance Department, have it in it. It's completely disclosed. It's all here. He is suggesting here, also, that if you did it on a cash basis you would have a different picture. They didn't use a cash basis. You have used capital carry-forward, your capital carry forward into your last year in which you were in government was some \$40 million; the capital carry forward into this current year was some \$30 million. If you had used a cash basis, your picture would have been more dismal than it was even in your prior year. What I am saying is consistent. Nobody is attempting in any way here to distort or manipulate the pictures from the different years. It's being done on a consistent basis by people that I have a high degree of respect for. There has been no indication from me that there should be certain directions taken by any of the people involved, and he knows as well as I do that they are reputable people with professional integrity and that they are going to carry it on, that includes everybody, whether it's the Finance Department or it's the Auditor's Department, and he is trying to introduce something here to cover up for his own inability to have budgetted to the best interests of the people of Manitoba during his period of government.

MR. CHERNIACK: I would have thought that Mr. Craik would by now have an understanding of the way for many, many years, during the time that he was in government in the sixties and prior to that, of the difference in which books were kept as between capital and current. I would have thought he would have known how it was done and that he would know very well that there have been capital carry-forwards year after year after year, and that was consistent with past practice. Now he says, he draws a comparison between that and a current expenditure not made but shown as made, and now he tries to say to me, well, you are embarrassing competent professional people.

There is no doubt in the world, and I said it earlier, there is a note to the financial statement that reveals this \$30 million. It was not hidden, but I say that it was inconsistent with past practice, and he uses the word consistent; I tell him it's inconsistent, I would like him to show me how it is consistent with the system by which it was operated, where we were on a cash basis. And for me now to say that it is consistent is wrong — and I would like to know that it's correct; I challenge him to show that it is consistent — and I still say that although it was revealed, it is still used to show a higher deficit than would have been shown had the consistent practice of cash been used. And I use that word "manipulative", which was the word used by the Auditor, that would have applied to the other side of the balance books. So that let him be sensitive to what he did, but not so sensitive about the words used. Let him explain clearly what he means by consistent. If you reveal change, does that make it consistent?

MR. CRAIK: Mr. Chairman, the word we'll manipulative, I gather read the record and go back — the word manipulative was not attributed to this particular issue that Mr. Cherniack raises. Following the word opens itself to manipulation on how you state these things, immediately followed the reference to 1973-74, which I presume is the year where the advancement of revenues were advanced so that you shifted from one year, the Federal Government advanced the rate at which the revenues were submitted on to the provinces as you recall.

Now, was there anywhere it was accepted as a fact of life that on one year to the next you

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made a gain at that time, as I recall, from recollection of being a member of the oppositon at the time, a shift from one year to the next? Nobody sat down and said, Is this consistent or is it inconsistent, it was recognized that it was done, and in one year, after the advancement in payments was made, then you changed your picture for that given year. Now, if that's what you're saying, do we have to go back now and search all the records and see if the word consistent was used, because I'm sure it wasn't consistent and was open to manipulation and perhaps you manipulated it; I don't know. I suspect you probably did.

MR. CHERNIACK: Mr. Chairman, I'm not aware of who used the reference to 1973-74. I don't know what Mr. Craik is talking about. If he is suggesting that Mr. Ziprick used the word manipulated in relation to 1973-74, I don't remember it being mentioned at all and I don't know what reference he is making. It's nothing that was discussed today, so I really don't know what he is talking about. When Mr. Ziprick said was manipulative, he said would be manipulative if shared costs — I am dealing with the bottom of Page 4 — if shared costs receivable were reflected in the balance sheet it could be manipulative of that year's figures. That's what he said. And I took the other side of the coin and said, Okay, if you are showing a paa payable as a payment then that is manipulative to the same extent. I still don't know what he is talking about, about 1973-1974.

MR. CRAIK: Mr. Chairman, perhaps you can . . . the record will show at least, perhaps whoever mentioned, brought in 1973-74 in the earlier suggestion here could go back to the con-ditions that existed at that time. —(Interjection)— My slippery friend has now got a nice smile on his face, he has probably thought of a new word to use. So why don't you go ahead and use it.

MR. CHERNIACK: Mr. Chairman, let me clarify it. I said to Mr. Ziprick, suppose I showed you that in 1973 a shared cost was receivable, then would that make it consistent with previous practice? I used 1973 the way I could have used '72, '71, '74 or I could have used 1968, when apparently the Conservative Government of that day did do the same thing that they have done now and did take some kind of a payable and put it in for the next year. Now I didn't use that year but I used an example and that's the only reference to '73 I made.

MR. CRAIK: Perhaps, Mr. Chairman, Mr. Cherniack could tell us what he did when the acceleration payments took place from Canada to Manitoba during his tenure of office.

MR. CHERNIACK: I don't know, but it's a matter of record.

MR. CRAIK: No, you don't know, but you have 20/20 vision about what happened in 1968 but you don't remember what you did yourself in the mid-seventies.

MR. CHERNIACK: Yes, well, because I was told yesterday by Mr. Ziprick what happened in 1968; that gives me 20/20 vision. I also have sufficient 20/20 vision to see the Minister of Finance squirming somewhat.

MR. CHAIRMAN: Any further discussion on this point?

MR. CHERNIACK: No, on this page, Mr. Chairman.

MR. CHAIRMAN: Any further discussion on this page? If not, Page 4—pass; Page 5. Mr. Cherniack.

MR. CHERNIACK: Firstly, I guess to Mr. Ziprick. We've talked about accounting practices and I find here that according to the first paragraph — well, the only paragraph dealing with the Manitoba Forestry Resources — that the province took income debentures of 23.5 million in lieu of advances of 19.3 million and interest receivable of 4.2. Now, why did the province take in a debenture for interest receivable at all? Was it because the Forestry Resources couldn't pay the interest, or was it because they felt that it would pay the interest, or why show it as a debenture? I say that because it seems to me that in normal commercial practice interest receivable, not paid, is either set up as a bad debt, or if advances are made with which it could be paid then it would be shown as revenue. Is that what happened in this case?

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: No, if it was to be shown as revenue, the province would have to advance to ManFor this amount so that they could pay them back, because they could not pay the money. They didn't

earn enough to pay that money. So that it didn't want to go through the procedure of sending the money and calling it an advance and taking it into revenue, it was — to book it all, it was an exchange for debentures to book the total interest because under that debenture they are required to pay the interest. Now, it could have been written off — all of this could be written off as an asset — out to be consistent so that everything is booked the amounts here that are shown for ManFor book all the various charges going back to the start. And it was handled in the same way.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Well, hasn't previous practice been where advances have been made whereby interest could be paid, and weren't you critical of that in the past?

MR. ZIPRICK: Yes, that's why I'd have been critical if this \$4 million was taken into revenue because it would have been revenue created by an advance, but it wasn't taken into revenue. Now, to book as this asset gives me no concern because it's worth about as much as all the rest of those assets.

MR. CHERNIACK: Well, then, you mean that the debenture of \$23 million wasn't worth it? That's not worth anything?

MR. ZIPRICK: I would say not.

MR. CHERNIACK: Well then, why would the government, or maybe we ask Mr. Craik: why did the government take a debenture for interest receivable which wasn't really there to be paid? Does the government expect to collect that interest?

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Well, Mr. Chairman, I'd be glad to have Mr. Curtis make a comment on this directly.

MR. CHAIRMAN: Mr. Curtis.

MR. CURTIS: Our intention really was to make certain that the amount of the liability was booked. The fact of the matter is that having suffered a loss as a result of a poor year the ManFor had a continuing need for working capital and if we had forced them to pay the interest, as we could have, they would have had to borrow the money, perhaps from a bank, or perhaps we could have loaned the money, but then we would have been loaning the money for the purpose of paying an interest obligation to us and we didn't think it was consistent with what we'd done in the past.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: But in fact the debenture is evidence of a loan, isn't it? In effect, it is a loan.

MR. CURTIS: It's an equity interest, perhaps.

MR. CHERNIACK: Well, a debenture is not equity interest it's a loan, I mean, as I understand it; it is a loan made to the Forestry Resources. I understand the \$19 million because that was shown as an advance, I suppose, a demand, a callable advance, so it would have been converted into a debenture. But then the interest in effect became a longer term loan, didn't it?

MR. CURTIS: On the other hand, though, if we had advanced them the actual cash and allowed them to pay the interest that would have shown as a cash expenditure on their books which was really the true case. They hadn't earned any income with which to pay the interest.

MR. CHERNIACK: Well, that would have increased their deficit, wouldn't it? Well, that would not have been wrong or inconsistent if it were done that way, as long as you showed it as a loan.

MR. CURTIS: Yes, but you know, is it revenue to us if we're loaning money to pay ourselves revenue? We're putting up the cash to provide ManFor with cash so that they give us the cash back we

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haven't earned anything, and yet we're showing revenue as something that's not really been earned.

MR. CHERNIACK: That's right; of course, had you shown that loan as a capital advance — and that's the way it's been done all along, isn't it, in the past?

MR. CURTIS: That has happened in the past, and of course Mr. Ziprick's been critical of that arrangement, and we're inclined to agree with him that it's not a accounting practice.

MR. CHERNIACK: But now, what you've done is increased the investment in the Forestry Reserves by this amount, which you would have done anyway had you advanced the money and received it.

MR. CURTIS: Yes. The other choice, of course, is that we could have, under the obligation, put them into default, but that didn't seem to be the thing to do either.

MR. CHERNIACK: Yes. But isn't the real difference that that interest receivable, having been advanced on the strength of the debenture, that there was a choice of either showing it as income or of doing whatever you did with it, which I think was to reduce — I think you showed it as an asset to increase the capital assets of the province. I think that that 4.2 million is shown now as an increased asset, capital asset, and . . .

MR. CURTIS: It shows as an interest, as an amount owing to us by reason of the increase in the debenture.

MR. CHERNIACK: Yes, but you had a choice of either putting it into revenue or into increase in the capital asset, and actually the balance sheet of the province — the matter that Mr. Schreye referred to early this morning — is that the capital assets of the province are now shown as being 4.3 million more than it would have been had you not done it the way you did.

MR. CHAIRMAN: Mr. Curtis.

MR. CURTIS: Well, that's correct; we have shown it as an increase in the debentures owing to us with the other side of the transaction going into capital surplus. It reduces the capital surplus.

MR. CHERNIACK: Yes, capital surplus. It could have gone to capital surplus which increases the assets of the province, or it could have gone into revenue which would have decreased the deficit of the province. —(Interjection)— Well let me repeat that. It could have gone into capital asset as it did, to increase what appears to be the assets of the province on the balance sheet, or could have gone into revenue as interest payable to the province and reduced the current deficit for that year by \$4 million, and what your department did was choose not to reduce the deficit for that year but rather to increase the capital asset. Is that correct?

MR. CURTIS: Well, since in our view it wasn't a cash receipt, wasn't earned, it seemed to us to be inappropriate to take it into income in that fashion.

MR. CHERNIACK: Yes, all right, I understand that, but then on the other hand what you could have done . . .

MR. CURTIS: There's a similar kind of transaction — you know, I don't like to get into accounting situations we do have items in receipt, money that we have received but were not entitled to — and I think there were \$4 million or \$5 million worth of actual receipts in our Public Account . . .

MR. CHERNIACK: That's interesting.

MR. CURTIS: No, I'm just saying that in trying to be consistent, but we're not entitled to it; we have received it but we don't show it until it is money that we can say is ours. In other words it's deferred income. There are those kinds of items as well that come into our books.

MR. CHERNIACK: Mr. Chairman, I don't want to be distracted; may I ask of the Minister that due course we get a breakdown of that item, and then leave it on the side? —(Interjection)— C

is in the . . .

IR. CURTIS: Yes, it's listed.

IR. CHERNIACK: Page?

MEMBER: Page 21.

R. CHERNIACK: Thank you, I'll look at that later. Mr. Chairman, then, really what it appears now that the province had two alternatives — or one alternative — it could have put it in as revenue and thus reduce the current deficit, or could do what it did do and put it in as capital surplus and increase the statement of assets of the province, or I think there was a third alternative — Mr. Curtis will certainly correct me if I'm wrong — it could have taken the debenture for 19.3 million, which was actually advanced, and wiped out the 4.2 million, which would have been more consistent with the statement that it's not worth anything anyway, and I'm wondering why that third choice wasn't used, that is just to take a debenture for the advances and forget about the interest if it's not worth anything. Contention is if the 4.3 million is good money then it should have gone into revenue and reduced the deficit. If it's not good money, then why bother to take it at all and why not increase the assets of the Province of Manitoba by a figure that they don't believe is valid? That's my question to the Minister.

J. CHAIRMAN: Mr. Craik.

J. CRAIK: Well, Mr. Chairman, I don't know that it would have made any difference, but at the same time as these decisions were being made we were also planning in the current year for Schedule borrowing for purposes of ManFor, and although it may not in fact turn out that that is required was expected at the time that it was going to continue to require government support, even during the current year.

J. CHAIRMAN: Mr. Cherniack.

J. CHERNIACK: Mr. Chairman, I don't want to prolong the . . . Are we meeting again this afternoon?

J. CRAIK: That was the intention, Mr. Chairman, to meet this afternoon again.

J. CHERNIACK: Well then, maybe we could pursue it. I mean, I'm prepared to go on, but maybe it would be better to . . .

J. CRAIK: Well, if we could; I'll have to be absent for part of this afternoon. If there's anything you want to continue on while I'm here — Mr. Minaker will be here, though, during my absence.

J. CHERNIACK: We could then postpone the ManFor discussion, that portion, until Mr. Craik is available.

J. CRAIK: Well, Mr. Chairman, I think your discussion on this point is fairly technical. I think the options that are exercised with regard to ManFor are the options that have been open over a period of time; at one time there was the use of debentures to take part of the outstanding debt and turn it into, well, common shares, I presume — the \$50 million was converted into common shares — there have been a number of moves made. I can't explain to you in accounting terms what options should be exercised when on it; in this particular case we followed what has been the best recommendation from the accounting point of view. I would point out that at the time we were this we were faced also with the prospect likely of ManFor having more cash requirements in its current year.

J. CHAIRMAN: Mr. Ziprick.

J. ZIPRICK: I'd just like to briefly state that the third option that Mr. Cherniack suggests, that's really an option. Normally that's what should be followed and the only reason I sort of felt it might be reasonable to do this is that I understand this year all of this will be written down to something that would be considered as realizable and so I felt it could be all written down at the same time. So in view that there were other assets that were worthless there's nothing wrong with

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tacking on another \$4 million, putting it all together, and then writing it all off at the same time. But really the third option that you suggested is really the procedure that should be followed.

MR. CHERNIACK: Oh, it hadn't struck me. This option didn't strike me until we were discussing with Mr. Curtis. So you're saying that really what should have been done is that the \$19.3 million of advances could have been debentured.

MR. ZIPRICK: No, even those . . .

MR. CHERNIACK: Not even that should have been debentured. I see. So your opinion is that it should have been left as it was until there was a complete revision?

MR. ZIPRICK: Well, the \$4 million was brought in so that — that's what I said in the first place — so that we have a booking of everything, so that when there's a write down then somebody will not say, "Well there was some here, some there," it'll all be in one spot. But I did not take exception because I qualify the whole, most of it, I say most of it, except for about \$50 million the rest of it as far as I'm concerned is unrealizable.

MR. CHERNIACK: Have you said that in your report?

MR. ZIPRICK: Yes, I think it's on the next page, the last paragraph in that section. I say, "Except for the fixed interest debentures and town property . . ."

MR. CHERNIACK: For \$45 million. I see. Well, Mr. Chairman, may I ask Mr. Craik whether the province has decided to write down the assets of Forestry Resources?

MR. CRAIK: Not at this point in time.

MR. CHERNIACK: So that until it is done then that's not in accordance with Mr. Ziprick's recommendation?

MR. ZIPRICK: That's right. I will continue to qualify until they've written down to something that is considered as reasonably realizable.

MR. CHERNIACK: Well then really, just to firm it up, on this particular item on Page 5, Mr. Ziprick you say there shouldn't have been a debenture taken at all and I think you agreed with my suggestion the third option, that at least the \$4.2 million of interest receivables should not have been added as an asset of the province because this isn't even cash moneys advanced; it is just a payable from Manfor to the province which is not realizable.

MR. ZIPRICK: The province had to pay the interest for the debentures that it borrowed to make available to Manfor so there's a cost to the province, it's just . . .

MR. CHERNIACK: Of much more than \$4.3 million.

MR. ZIPRICK: Very much more. All this \$200 million, . . . Troughly there's a cost to the province for paying interest and carrying those particular debentures.

MR. CHERNIACK: Right. So that all that money that was paid in interest by the province for its borrowings is shown as an expenditure against the current year's revenue, right? But in the case the \$4 million, which is included in that, is shown not as revenue where it normally would have been put if there were money, but it is shown as an increase in assets of the province.

MR. ZIPRICK: That's no different than the other debentures, previous ones, that are not earned and returning. The province pays the interest to the bond holders but is not getting it back.

MR. CHERNIACK: But your choice would have been not to do what was done?

MR. ZIPRICK: Well, I didn't disagree purely because I would sooner see it all written down at one time so it's all together, rather than write down this \$4 million and then the other, so to that extent I didn't disagree about putting it in because I was qualifying on all the others and this includes And so being in there together now when the writedown comes off together, well, that's fine.

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MR. CHERNIACK: Well, Mr. Craik has told us two things. Firstly, there' been no decision to write anything down. Secondly, there are more advances that will have to be made to Manfor in this year. Now, those two statements he made. That, therefore, means to me that that will be inconsistent — if they take a debenture back it will be inconsistent — with what you think is a proper presentation.

MR. ZIPRICK: Yes. I don't believe that assets should be shown that do not sustain.

MR. CHAIRMAN: Perhaps we could continue this after lunch, if members have anything further on this particular topic. Committee will recess then until 2:00 o'clock this afternoon.

ADDENDUM NO. 2

(TABLED 11 MAY, 1978)

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SECTION 10 SUB-SECTION C

SPECIFIC ITEM ALL 7.0

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ISSUE DATE 76 07 01

SUBJECT EXPENDITURE OBJECT CODES

The expenditure object codes provide detail on expenditure classification in addition to the appropriation, capital, or open ledger account codes. They provide an indication of what was purchased or paid for with the funds expended. The object of expenditure codes are detailed in the following pages. All current, capital, and open ledger expenditures must be classified at least to the level of detail indicated.

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SUBJECT EXPENDITURE OBJECT CODES

<u>CODE</u>	<u>DESCRIPTION AND EXPLANATION</u>
<u>lxx</u>	<u>Salaries, wages and fringe benefits</u>
<u>11</u>	<u>Salaries</u>
111	Ministers salary
112	Contract Employees
113	M.L.A.'s, Opposition Leaders Indemnities and Salaries
114	Living and Constituency Allowances - M.L.A.'s
115	Civil Service - Regular
116	- Term
117	- Overtime
118	- Northern Allowances
119	- Vacation Pay
1151	Cost of Living Allowance (Shareability)
<u>12</u>	<u>Wages and Other Assistance</u>
121	Casual, Hourly, Daily, Bi-weekly, etc.
122	Casual, Hourly, Daily, Bi-weekly, Overtime
123	Casual, Hourly, Daily, Bi-weekly, Vacation Pay
124	Office Assistance (Office Overload, etc.)
125	Northern Allowances
126	Other
<u>13</u>	<u>Fringe benefits and other costs re employees</u>
131	Canada Pension Plan
132	Group Life Insurance
133	Superannuation Payments
134	Unemployment Insurance
135	Worker's Compensation
136	Supper Money
137	Severance Pay
138	Other

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SUBJECT EXPENDITURE OBJECT CODES

<u>CODE</u>	<u>DESCRIPTION AND EXPLANATION</u>
20	<u>Fees</u> - (For Purposes of Government Administration, excluding fees paid on behalf of Citizens)
<u>21</u>	<u>Professional Fees</u>
211	Architects
212	Accounting and Audit- Including Provincial Auditors Fee
213	Consulting Engineers (other than Management Consultants)
214	Lawyers
215	Management Consultants
216	Medical- Includes Dental, Doctor, Nursing and Other Specialized Medical e.g. Coroners Fees, etc.
217	Veterinary
218	Research - All Classes of Research
219	Other - Professional Fees not specified above, except computer related consulting
<u>22</u>	<u>Other Fees</u>
221	Board and Commission Members
222	Court Reporters
223	Crown Witness
224	Jurors and Special Constable
225	Honoraria
226	Protection and Security
227	Other - Fees not specified above
228	Departmental Service Charges

NOTE: Fees are to be classified as indicated above, Expenditures related thereto should be coded in other appropriate expenditure codes.

<u>23</u>	<u>Membership Fees</u>
231	Public Service Organizations
232	National or quasi-national Organizations oriented to serve a segment of industry
233	Point or contact organizations
234	Professional Organizations

NOTE: Refer to the General Manual of Administration Part V.G.6 - (1), (2).

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SUBJECT EXPENDITURE OBJECT CODES

<u>CODE</u>	<u>DESCRIPTION AND EXPLANATION</u>
<u>3xx</u>	<u>Facilities and Equipment - Other than Specialized Equipment</u>
<u>3_</u>	<u>Real Estate - Rentals</u>
311	Office Space
312	Clinic Space
3131	Meeting or Classrooms - Management Training
3132	Meeting or Classrooms - Technical Training
3133	Meeting or Classrooms - Conferences/Conventions
3134	Meeting or Classrooms - Other Meetings
314	Taxes
315	Other - (includes Parking Lots)
<u>32</u>	<u>Land and Buildings - Purchase</u>
321	Payments re easements, right of way, tax certificates, crop damage, etc.
322	Purchase of land
323	Purchase of Buildings
324	Purchase of Land and Buildings - (to be used only when buildings and site purchased simultaneously)
<u>33</u>	<u>Furniture and Furnishings - Office</u>
331	Desks, chairs and tables
3311	Paintings
332	Filing Cabinets
333	Typewriters
334	Adders and Calculators
335	Dictators and Recorders
336	Copiers and Duplicators
337	Office Equipment rentals
338	Repairs and maintenance of office equipment (includes Service Contracts)
339	Other

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SUBJECT EXPENDITURE OBJECT CODES

<u>CODE</u>	<u>DESCRIPTION AND EXPLANATION</u>
<u>34</u>	<u>Printing and Stationery Supplies</u>
341	Stationery supplies (other than paper and printed forms or any other items specified in this section)
342	Paper (unprinted forms)
343	Printing and printed forms
344	Blue printing
345	Micro Filming
346	Publication of statutes, annual reports, monthly newsletters, internal bulletins, etc.
347	Photographic supplies, services and expenses
348	Photocopier and duplicator supplies and charges
<u>35</u>	<u>Postage, Telephone and Telegraph</u>
351	Postage
352	Telephone - including monthly billings, other charges and all taxes
353	Telephone - Long Distance charges (as indicated on billing, tax not to be allocated)
354	Telegraph - (includes all charges relative thereto)
355	teletype, Telex and other related forms of communication
<u>36</u>	<u>Furniture and Furnishings</u>
361	Furniture and furnishings - (other than office furniture and specialized equipment)
362	Repairs and maintenance of furniture and furnishings other than office equipment or other specialized equipment

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SUBJECT EXPENDITURE OBJECT CODES

<u>CODE</u>	<u>DESCRIPTION AND EXPLANATION</u>
<u>37</u>	<u>Building Maintenance Supplies</u>
371	Janitorial Supplies
372	Linen (other than bedding)
373	Hardware
374	Cooking Utensils
375	Dishes and Glasses
376	Cutlery
377	Laundry materials and services (including Dry Cleaning)
378	Bedding
379	Other Household Requisites
<u>38</u>	<u>Utilities</u>
381	Light and Power
382	Water
383	Sewer
384	Other
<u>39</u>	<u>Fuel (Heat)</u>
391	Fuel Oil
392	Natural and Manufactured Gas
393	Coal
394	Electricity
395	Other
<u>4xx</u>	<u>Specialized Equipment, Service and Supplies</u>
<u>41</u>	<u>Equipment - other than medical, automobiles and computer</u>
411	Purchases
412	Rentals
413	Maintenance and Repairs
414	Antifreeze
415	Tires
416	Repair Parts
417	Service to equipment through non-government Service Centre
418	Depreciation
419	Other Supplies and Expenses

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SUBJECT EXPENDITURE OBJECT CODES

<u>CODE</u>	<u>DESCRIPTION AND EXPLANATION</u>
<u>42</u>	<u>Gasoline and Lubricants</u>
421	Gasoline
422	Motive Fuel- other than Gasoline
423	Lubricants
<u>43</u>	<u>Equipment - Medical</u>
431	Purchases
432	Rentals
433	Maintenance, Repairs
434	Other
<u>44</u>	<u>Medical Services and Supplies</u>
441	Institutional services and supplies (other than surgical)
442	Surgical Supplies
443	Drug Supplies
444	Other Medical Supplies
<u>45</u>	<u>Computer Related Expenditures</u>
451	Systems Development (feasibility, analysis, programming)
452	Machine Utilization (computer use only)
453	Equipment (Rental, Purchase, Maintenance, Except Keypunch or Keytape)
454	Software (Rental or Purchase)
455	Data Communications (Modems and Line Rental)
456	Data Entry (Keypunch, keytape etc., Services and Equipment)
457	Miscellaneous (Consumables, handling, etc.)
458	Consulting (System review, Technical Counsel, etc.)

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SUBJECT EXPENDITURE OBJECT CODES

<u>CODE</u>	<u>DESCRIPTION AND EXPLANATION</u>
46	<u>Automobiles (including pickups, vans, and trucks)</u>
4611	Acquisition of Automobiles: Initial Capital Cost
4612	Acquisition of Automobiles: On Trade-in
462	Payments to C.P.G. by Departments
4631	Payments by Departments for leases and U-Drives: rental and operating costs
4632	Payments by Departments for leases and U-Drives: damage and extra-ordinary cost
4641	Payments to employees: subsidized use of employees' vehicles on "per mile" travel rate
4642	Payments to employees: extra-ordinary payments and subsidized use of employees' vehicles on daily rates (service use standby, and special area rates)
4643	Payments to employees: reimbursement for additional cost of "business use" insurance coverage
165	Gasoline, lubricants and anti-freeze
166	Vehicle insurance payments (other than reimbursement to employees for additional cost of "business use" insurance coverage)
167	Tires and other repair parts purchased for installation by government
681	Tires and other repair parts installed by other than government
682	Labour cost of installing tire and other repair parts installed by other than government
69	Other expenses related to automobiles

OIE: The 3 digit and 4 digit codes shown above are mandatory for this classification.

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SUBJECT EXPENDITURE OBJECT CODES

<u>CODE</u>	<u>DESCRIPTION AND EXPLANATION</u>
<u>5xx</u>	<u>Construction</u>
<u>51</u>	<u>Building - Materials & Related Costs</u> - Includes new construction, renovations, improvements to grounds and routine maintenance (other than Janitorial)
511	Artwork - Murals, etc.
<u>52</u>	<u>Materials - Other than Buildings</u>
521	Aggregates and mixes
522	Asphalt and Fillers
523	Cement
524	Chlorides
525	Culverts
526	Steel (reinforcing)
527	Timbers
528	Other
<u>53</u>	<u>Construction Contracts</u> (Amounts Paid for Construction of Roads, Buildings, etc.)
531	Bridges
532	Buildings
533	Highways and Roads
534	Parks
535	Water Control - (Not Specified Elsewhere)
536	Other

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SUBJECT EXPENDITURE OBJECT CODES

<u>CODE</u>	<u>DESCRIPTION AND EXPLANATION</u>
<u>6xx</u>	<u>Other Operating Costs</u>
<u>61</u>	<u>Advertising and Exhibits</u>
611	Payments to Advertising Agencies - Contracts
612	Payments to Advertising Agencies - Non-Contract
613	Major Publications (for Advertising Purposes Only)
614	Advertising - periodicals, etc. including newspapers
615	Production charges
616	Exhibit and displays
617	Posters and expenses incidental to such (includes Billboards)
618	Advertising Audit Office Payments
619	Other Advertising - (includes supplies and other items not specifically covered above i.e. films, etc.)
<u>62</u>	<u>Publications - (Library Reference Material, Books, Periodicals, Pamphlets, etc. - Does not include material for Advertising Purposes)</u>
621	Books, including Reference Texts
622	Subscriptions to Periodicals
623	Subscriptions to Newspapers
624	Other
<u>63</u>	<u>Financial Costs and Debt Redemption Charges</u>
631	Debt Redemption
632	Interest on Debt
633	Premiums
634	Discounts on Debt
535	Amortization
536	Bank Charges - Overdraft Interest
537	Bank Charges on Redemption
538	Bank Charges - Other
539	Foreign Exchange
540	Sinking Fund Payments
541	Other Charges

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SUBJECT EXPENDITURE OBJECT CODES

<u>CODE</u>	<u>DESCRIPTION AND EXPLANATION</u>
65	<u>Freight, Express and Cartage</u> (includes Freight and Express other than initial cost of securing commodity)
651	Refuse Collection
66	<u>Travelling</u>
660	Management Training Courses or Seminars
661	Field Trips within Province (regular duties within Province, including Ministers)
662	Field Trips outside Province - (regular duties outside Province, including Ministers)
663	Educational Leave and/or Educational Assistance
664	Conventions and conferences
665	M.L.A.'s Travelling Expenses - (excludes Ministers routine travel expenses)
666	Expenses - Re applicants for Civil Service positions (whether or not currently holding a position with the Province)
667	Transfer & Relocation Expense - (covers temporary & permanent transfer expense including expense claims, moving & packing expense and transportation, etc., for employees)
668	Technical Development or Training
669	Other

NOTE: A fourth digit is mandatory to identify air travel costs charged to this classification. The fourth digit codes are:

1. Scheduled Public Air Transportation
2. Chartered Aircraft
3. Manitoba Government Air Service

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OBJECT EXPENDITURE OBJECT CODES

ODE

DESCRIPTION AND EXPLANATION

7 Other - Miscellaneous not Classified Elsewhere
71 Promotional (includes Special Dinners, special events, etc.
 but excludes Grants)
72 Insurance - other than automobile insurance
73 Purchase of animals for research
74 In service meals and staff meetings
75 Property Loss and Damage - (cover any loss or damage not
 qualified for recovery from insurance underwriters)

ODE

'6 Crime Compensation Board Payments
'7 Other

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SUBJECT EXPENDITURE OBJECT CODES

<u>CODE</u>	<u>DESCRIPTION AND EXPLANATION</u>
<u>7xx</u>	<u>Citizens and Other Employee Assistance and Services</u>
<u>71</u>	<u>Clothing</u>
711	Clothing (includes Material and Footwear)
712	Uniforms and Clothing for Employees (includes Material and Footwear)
<u>72</u>	<u>Educational Assistance</u>
721	Salary or Allowance to employees on Educational Leave
7221	Employee Tuition Fees - Educational Leave
7222	Employee Tuition Fees - Educational Assistance
7223	Employee Tuition Fees - Management Training
7224	Employee Tuition Fees - Technical Training
7225	Employee Tuition Fees - Conferences and Conventions
7231	Equipment and/or Books - Educational Leave
7232	Equipment and/or Books - Educational Assistance
7233	Equipment and/or Books - Management Training
7234	Equipment and/or Books - Technical Training
7235	Equipment and/or Books - Conferences and Conventions
<u>73</u>	<u>Fees and Services Paid on Behalf of Citizens</u>
731	Legal
732	Medical
733	Dental
734	Optical
735	Other

FINANCIAL ADMINISTRATION MANUAL

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SUBJECT EXPENDITURE OBJECT CODES

<u>CODE</u>	<u>DESCRIPTION AND EXPLANATION</u>
<u>76</u>	<u>Subsistence</u>
761	Food - Citizens
762	Food - employees while not travelling (i.e. other than purchased meals)
763	Shelter
764	Board - Citizens
765	Board and/or Room - Employees while not travelling
766	Meals other than when travelling
767	Other
<u>77</u>	<u>Transportation - other than employees</u>
771	Bus
772	Train
773	Airplane
774	Taxi
775	Automobile
776	Metro Transit
777	Other
<u>78</u>	<u>Seed and Garden Supplies (including Fertilizers)</u>
<u>79</u>	<u>Feed and Fodder</u>
791	Feed and Fodder Purchase
792	Feed and Fodder Assistance Payments
793	Feed and Fodder Loan Assistance Payments
794	Feed and Fodder Recoverable costs (includes all receipts for transportation, surcharges, etc.)

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SUBJECT EXPENDITURE OBJECT CODES

<u>CODE</u>	<u>DESCRIPTION AND EXPLANATION</u>
<u>8xx</u>	<u>GRANTS (TRANSFER PAYMENTS)</u> - include Bursaries, Foreign Aid, Cultural, Hospitality, etc.
<u>81x</u>	<u>GRANTS (TRANSFER PAYMENTS) TO PERSONS AND NON PROFIT ORGANIZATIONS</u> -
811	CONDITIONAL includes grants to Charitable Organization Clubs, Groups, Societies, Grants to
812	UNCONDITIONAL Universities and other post-secondary educational institutions.
<u>82x</u>	<u>GRANTS (TRANSFER PAYMENTS) TO BUSINESS</u> - Subsidies - includes all
821	CONDITIONAL business subsidies except Capital Assistance to
822	UNCONDITIONAL business
<u>83x</u>	<u>GRANTS (TRANSFER PAYMENTS) TO BUSINESS</u> - Capital Assistance - includes
831	CONDITIONAL all business Capital Assistanc
832	UNCONDITIONAL
<u>84x</u>	<u>GRANTS (TRANSFER PAYMENTS) TO OWN RESERVES, FUNDS AND AGENCIES</u>
841	CONDITIONAL
842	UNCONDITIONAL
<u>85x</u>	<u>GRANTS (TRANSFER PAYMENTS) TO OTHER GOVERNMENTS</u> - includes school
851	CONDITIONAL authorities, regional Governments, joint
852	UNCONDITIONAL boards and commissior Federal Government or Agencies, etc.
<u>86x</u>	<u>OTHER GRANTS (TRANSFER PAYMENTS)</u> - for situations not specifically set
861	CONDITIONAL out above
862	UNCONDITIONAL

NOTE: CONDITIONAL GRANTS - require some form of reporting or accounting from the grantee, this requires administrative action to ensure that the report or accounting is received.

PUBLIC ACCOUNTS COMMITTEE MEETINGS

TUESDAY, FEBRUARY 28, 1978 and WEDNESDAY, MARCH 1, 1978.

RE: LEGAL AID SERVICES SOCIETY OF MANITOBA

QUESTION BY MR. CHERNIACK

"..... it would be helpful if we could ask for a statement of the moneys received for Legal Aid and the disbursement because this statement of account does not show it as one sum".

QUESTION BY MR. CHERNIACK

"I would ask the Minister of Finance if he could clarify the amount that Mr. Wilson refers to of \$250,000 odd to the Law Society, as none of which I believe goes to Legal Aid".

QUESTION BY MR. ORCHARD

..... and the grey book indicates a budget of \$2,776 and some thousand dollars. Now is it possible to breakdown the source of funding of that million plus budget? In other words, is there a portion of that money which is made available through transfer payments from the Federal Government to enact Legal Aid and if so I'd be very much interested in knowing what the percentage or what the portion of the budget coming from the Federal Government is?"

PUBLIC ACCOUNTS COMMITTEE MEETINGS

TUESDAY, FEBRUARY 28, 1978 and WEDNESDAY MARCH 1, 1978

RE: LEGAL AID SERVICES SOCIETY OF MANITOBA

REQUESTED INFORMATION

- (1) The Legal Aid Services Society of Manitoba is operated as a separate entity and as such publishes separate financial statements which are audited by the Provincial Auditor. The Statement of Receipts and Disbursements of the Society for the year ended March 31, 1977 is attached. It shows that the Society had total receipts during the fiscal year of \$3,398,649. and total disbursements of \$3,426,708. This resulted in an excess of disbursements over receipts of \$28,059.

As indicated on the statement the majority of the Society's funds are received from the Province of Manitoba, either by grant payments or by payment of expenses on behalf of the Society. The amount of \$3,286,541. received from the Province of Manitoba came from the following sources:

- | | |
|---|----------------------|
| (a) Monies provided as grants to the Society from the "Law Society and Solicitors' Trust Fund" | \$ 509,800. |
| (b) Monies paid as grants to the Society or expenses paid on behalf of the Society from appropriation 9 in the Attorney-General's Department (see page 98 of the 1976/77 Public Accounts) | <u>2,776,741.</u> |
| | <u>\$ 3,286,541.</u> |

Public Accounts
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The Provincial revenues associated with the expenditure of \$2,776,741.

from appropriation funds are:

(a) Received from the Government of Canada -
per capita grant for 1975-76 received in
this fiscal year

\$ 509,500.

(b) Monies available for transfer to revenues
in the "Law Society & Solicitors' Trust
Fund" - the actual transfer of funds
was not made until the 1977-78 fiscal
year.

750,381.

\$ 1,259,881.

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EXHIBIT B

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Statement of Receipts and Disbursements
for the year ended March 31, 1977
(with 1976 figures for comparison)

	<u>1977</u>	<u>1976</u>
Receipts:		
Province of Manitoba - Grants, including salary payments	\$ 3,286,541	\$ 2,863,56
Contributions from clients: Direct	63,482	43,46
Recoveries from the Department of Health and Social Development	15,431	63,25
Judgement Costs and Settlements	33,195	29,08
Total Receipts	3,398,649	2,999,37
Disbursements:		
Fees for Services:		
Legal Aid Fees and Disbursements	1,461,710	1,472,64
Duty Counsel Fees and Disbursements	96,570	108,11
Law Society of Manitoba Criminal Legal Aid Programme	-	1,00
	1,558,280	1,581,84
Community Law Centres:		
Professional Staff - Salaries and Benefits	626,227	493,77
Disbursements - Certificate and Duty Counsel	63,241	35,21
Operating Expenses - Schedule 1	473,851	395,77
	1,163,319	924,75
Research and Education:		
Salaries and Benefits - Professional	58,513	43,11
- Clerical	11,330	7,8
Operating Expenses	9,344	13,3
	79,187	64,3
General and Administrative Expenses, Schedule 2	625,922	536,49
Total Disbursements	3,426,708	3,107,42
Excess of Disbursements over Receipts, Exhibit A	\$ 28,059	\$ 108,05

PUBLIC ACCOUNTS COMMITTEE MEETINGS

TUESDAY, FEBRUARY 28, 1978 and WEDNESDAY, MARCH 1, 1978

RE: LEGAL AID SERVICES SOCIETY OF MANITOBA

REQUESTED INFORMATION

- (2) The following is a summary of the receipts and payments made from the Law Society and Solicitors' Trust Fund during the fiscal year. It shows the amounts paid over to the Law Society of Manitoba and the Legal Aid Society. These payments are made under the authority of section 30.2(3) of the Law Society Act, which states:

"All interest received by the Minister of Finance under subsection (2) shall, when received, be transferred to the Trust and Special Division of the Consolidated Fund to be used, in such proportions as the Lieutenant Governor in Council may determine, for the purposes of The Legal Aid Services Society of Manitoba, educational programs of The Law Society of Manitoba and costs incurred by The Law Society of Manitoba in the administration and enforcement of this section."

LAW SOCIETY & SOLICITORS' TRUST FUND RECEIPTS & PAYMENTS DURING

THE FISCAL YEAR ENDED MARCH 31, 1977

Balance in trust at March 31, 1976	\$ 1,000,996.
Received during the fiscal year	1,162,847.
	<hr/>
	\$ 2,163,843.

Public Accounts
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Brought Forward		\$2,163,843.
Payments made during the year:		
Law Society of Manitoba	\$ 250,615. (1)	
Legal Aid Society	509,800. (2)	
Refunds of amounts over-remitted	<u>12,202.</u>	<u>\$ 772,617</u>
Balance in trust - March 31, 1977		<u><u>\$1,391,226.</u></u>

- (1) Paid under O/C 808/76 for the purpose of educational programs of the society. Calculated as 25% of the amounts received into trust during the 1975/76 fiscal year.
- (2) Amount authorized by O/C as grant payments and paid directly to the Legal Aid Society.

PUBLIC ACCOUNTS COMMITTEE MEETINGS

TUESDAY, FEBRUARY 28, 1978 and WEDNESDAY, MARCH 1, 1978

E: LEGAL AID SERVICES SOCIETY OF MANITOBA

REQUESTED INFORMATION

- 3) Amount expended from appropriation 9 in
the Attorney-General's Department for
Legal Aid.

\$ 2,776,741.

Per Capita grant received from the
Government of Canada.

\$ 509,500.

The per capita grant received for Legal Aid in the 1976-77 fiscal year is approximately 18% of the appropriation funds expended. It should be noted that this receipt pertains to the per capita claim for the 1975-76 fiscal year. Under the cash basis of accounting, these monies are recorded as revenues in the year received.

The claim for the 1976-77 fiscal year, which amounted to \$771,000. was received in the subsequent fiscal year. This amount represents approximately 28% of the appropriation funds expended.

PUBLIC ACCOUNTS COMMITTEE MEETINGS

TUESDAY FEBRUARY 29, 1978 AND WEDNESDAY, MARCH 1, 1978

RE: SKYWEST LIMITED - \$88,010. ON PAGE 20 OF THE PUBLIC ACCOUNTS

QUESTION BY MR. WILSON

"Skywest Limited at the bottom of 20. It seems to be under a payable of \$88,000 - I'm wondering will we ever have to pay that or how am I reading that".

REQUESTED INFORMATION

The amount shown here is the balance of a \$250,000 grant made to Skywest Limited by the authority of Order in Council 386, approved on March 31, 1976. Approximately \$81,800.00 of the remaining balance has been disbursed since March 31, 1977 to cover expenses incurred on behalf of Skywest Limited.

PUBLIC ACCOUNTS COMMITTEE MEETINGS

TUESDAY, FEBRUARY 28, 1978 AND WEDNESDAY, MARCH 1, 1978

E: WILD FUR AGREEMENT

QUESTION BY MR. BLAKE

"The Wild Fur Agreement I would imagine is to do with the trappers' problem and it's likely a cost sharing deal with the Federal Government. You could maybe clarify that."

REQUESTED INFORMATION

This is a 5 year cost-shared program between the Province and the Federal Department of Indian Affairs. It began April 1, 1975 and provides 50% of the costs will be paid by the Federal Government. It is administered by the Development Resources Division of the Department of Northern Affairs and Renewable Resources and Transportation Services.

The objective of the program is to provide for the development of the wild fur industry in Manitoba. The agreement includes features to help offset industry problems including high trapper costs, low returns to producers, difficulty of access to resources, inadequate sources of credit, and ineffective organization of trapping activities in the community.

PUBLIC ACCOUNTS COMMITTEE MEETINGS

TUESDAY, FEBRUARY 29, 1978 AND WEDNESDAY, MARCH 1, 1978

RE: PAKWAGEN COMMUNITY SERVICES

QUESTION BY MR. BLAKE

"There's another item there - Pakwagen Community Services, you might enlighten us what it is".

REQUESTED INFORMATION

Pakwagen Community Services was established for the purpose of utilizing local natural resources for the betterment of housing conditions in Northern Manitoba communities and providing a vehicle for economic development, social development, employment and self-help for the residents of the communities of Wabowden, Jenpeg, Cross Lake and Norway House. As such, it employed local people in the harvesting and milling of logs that were subsequently used in the construction of housing.

Part of the program was to test the Tru-Nor Lathe and Saddling machine's ability to operate in a northern climate and produce logs suitable for northern housing. The machine trims logs of ten to sixteen feet to a standard circumference. Attachments groove and notch the logs to assist in the assembly of the unit.

This project is cost-shared with the Federal Government under the Manitoba Northlands Agreement which provides that 60% of the costs will be recovered.

PUBLIC ACCOUNTS COMMITTEE MEETINGS

TUESDAY, FEBRUARY 28, 1978 AND WEDNESDAY, MARCH 1, 1978

RE: MANITOBA LOTTERIES COMMISSION TRUST FUND

QUESTION BY MR. WILSON

"So the question I would have to ask the Minister of Finance is this: Has this money been depleted and given out or is it approximately the same amount of money?"

REQUESTED INFORMATION

The attached schedule presents the receipts and payments for the trust fund since its inception in 1971/72. In 1975/76 fund proceeds were split between cultural and recreational development, which was administered by the Department of Tourism, Recreation and Cultural Affairs, and fitness and amateur sport, which was administered by the Department of Health and Social Development. The receipts are split on the basis of 75% for cultural and recreational development and 25% for fitness and amateur sport.

PUBLIC ACCOUNTS COMMITTEE MEETINGS
TUESDAY, FEBRUARY 28, 1978 AND WEDNESDAY, MARCH 1, 1978

MANITOBA LOTTERIES COMMISSION
TRUST TRANSACTIONS RE: CULTURAL & RECREATIONAL DEVELOPMENT
AND FITNESS AND AMATEUR SPORT

	<u>1971/72</u>	<u>1972/73</u>	<u>1973/74</u>	<u>1974/75</u>	<u>1975/76</u>	<u>1976/77</u>	<u>TOTAL</u>
Opening Balance	\$ -	\$ 900,000	\$1,223,410	\$2,326,877	\$2,548,735	\$1,864,434	\$ -
Receipts	900,000	1,312,635	1,510,792	1,600,000	1,531,239	1,608,557	8,463,223
Payments	-	(989,225)	(407,325)	(1,378,142)	(2,215,540)	(1,104,660)	(6,094,892)
<hr/>							
Closing Balance	\$900,000	\$1,223,410	\$2,326,877	\$2,548,735	\$1,864,434	\$2,368,331	\$2,368,331

ANALYSIS OF 1976/77 TRANSACTIONS

	<u>CULTURAL & RECREATIONAL DEVELOPMENT</u>	<u>FITNESS & AMATEUR SPORT</u>	<u>TOTAL</u>
Opening Balance	\$1,451,525	\$412,909	\$1,864,434
Receipts	1,200,000	408,557	1,608,557
Payments	(765,903)	(338,757)	(1,104,660)
<hr/>			
Closing Balance	\$1,885,622	\$482,709	\$2,368,331

55

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PUBLIC ACCOUNTS COMMITTEE MEETINGS

TUESDAY, FEBRUARY 28, 1978 AND WEDNESDAY, MARCH 1, 1978

.02¢ PER GALLON GASOLINE AND MOTIVE FUEL TAX

QUESTION BY MR. CHERNIACK

" . . . whether it could be clarified to me what is happening to that two cents? Is it going to M.P.I.C. or is it indeed going into the general revenue and if the latter, then on what legal basis is that being done?"

ANSWERED INFORMATION

In his April 10, 1978 budget address, the Minister of Finance stated: "It has already been announced that the 2¢ per gallon gasoline and motive fuel tax subsidies which had been assigned by the previous government to Autopac will be discontinued in order to ensure that the real costs of public automobile insurance are more clearly defined. The associated revenue will remain in the consolidated fund effective April 1st." The Minister of Finance will be submitting Legislation to effect this change.

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PUBLIC ACCOUNTS COMMITTEE MEETINGS

TUESDAY, FEBRUARY 29, 1978 AND WEDNESDAY, MARCH 1, 1978

RE: PARKS DEVELOPMENT PROGRAM - \$5,630,283 ON PAGE 60 OF THE PUBLIC ACCOUNTS

QUESTION BY MR. BLAKE

"And under the Parks Development Program, \$5,630,000, could you give me a little better breakdown on that? Would the largest amount of that be Hecla Island? I don't want a detailed breakdown just a . . .".

REQUESTED INFORMATION

The largest part of this expenditure is for various projects at Hecla Island, which accounts for approximately \$3,355,000 of the total. The balance was expended on numerous smaller projects throughout the Province, such as park cottage development, Hyland Park development and land acquisition.

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PUBLIC ACCOUNTS COMMITTEE MEETINGS

TUESDAY, FEBRUARY 28, 1978 AND WEDNESDAY, MARCH 1, 1978

: LIQUOR MART, OFFICE COMPLEX - \$180,000 ON PAGE 61 OF THE PUBLIC ACCOUNTS

QUESTION BY MR. WILSON

" . . . where would this office complex for the Liquor Mart be for \$180,000.00? Is it on the McGillivray site or what?"

QUESTED INFORMATION

The province purchased 46,140 square feet of land at the corner of Stadacona Street and Talbot Avenue for the purpose of constructing an office building/liquor store facility. A capital expenditure of \$180,000 was made for the purchase of this property.

Public Accounts
Friday, November 24, 1978

PUBLIC ACCOUNTS COMMITTEE MEETINGS

TUESDAY, FEBRUARY 28, 1978 AND WEDNESDAY, MARCH 1, 1978

RE: BASIC ANNUAL INCOME PROJECT - \$4,103,661.71 ON PAGE 124 OF THE PUBLIC ACC

QUESTION BY MR. WILSON

"I am trying to find out how much found its way down to the low income people participating in the program and how much went to administration. How many of these people were sort of on contract from Princeton University from the U.S. I understand there's quite a few of them, and what are professional fees of \$95,000? What type of people would we need that would be classed as professional fees to administer this type of family allowance program called Mincome?"

REQUESTED INFORMATION

This program is an experimental project funded 75% by the Federal Government and 25% by the Province of Manitoba. The purpose of the experiment is to investigate various aspects of a guaranteed income scheme. The Federal Government is particularly interested in arriving at some conclusion regarding the administrative costs of a universal guaranteed income program and the elements that might contribute to these administrative costs.

Participant families in the program were paid approximately \$1,800,000 in the 1976/77 fiscal year. The professional fees of \$95,000 covered numerous consultants who participated in the project. Their services were used in the design and organization of the project, the monitoring of the progress of the project and the resolution of technical problems. None of these consultants were on contract from Princeton University.

PUBLIC ACCOUNTS COMMITTEE MEETINGS

TUESDAY, FEBRUARY 29, 1978 AND WEDNESDAY, MARCH 1, 1978

THE ALCOHOLISM FOUNDATION OF MANITOBA - \$3,492,029.64 ON PAGE 128
OF THE PUBLIC ACCOUNTS

QUESTION BY MR. ORCHARD

" . . . to page 128, The Alcoholism Foundation of Manitoba grants of \$3,491,700., does that go to finance primarily the operation of AA in the Province?"

ANSWER BY MR. CHERNIACK

"May I suggest that Mr. Orchard's question is on Page 128, Item (g) at the bottom, The Alcoholism Foundation's grants of close to \$3.5 million. I believe that's his question, I wonder if we could ask that in due course, we get a breakdown of the grants just like you would under an Order for Return."

ADDITIONAL INFORMATION

The grant payments of \$3,491,700.00 to the Alcoholism Foundation of Manitoba were used primarily for the operation of that organization. During the course of operation, the Board of Governors of the Foundation in consultation with the Minister, approves the payment of grants to other agencies for external programs. These grants totalled \$1,299,710 during the year ended March 31, 1977 and were made to the following organizations:

Alcare Resort Centre
Alcohol and Drug Education Services
Churchill Health Centre
Kia Zan
Lynn Lake Counselling and Resource Centre
Main Street Project
Native Alcoholism Council
Sagkeeng Alcar Centre
St. Anthony's Hospital (Rosaire House)
Salvation Army Harbour Light
X-Kalay Foundation

More details concerning the operation of the Foundation can be found in its annual report, which was tabled in the Legislature on March 21, 1978.

Public Accounts
Friday, November 24, 1978

ADDENDUM NO. 3

(TABLED 8 JUNE, 1978)

PUBLIC ACCOUNTS COMMITTEE MEETING THURSDAY, MAY 11, 1978

RE: NORTHERN AFFAIRS - GENERAL ADMINISTRATION (EXECUTIVE) (Page 146)

QUESTION BY MR. MINAKER

"Under Other Expenditures there, I notice there is a travelling charge of \$54,353.00. I wonder, would that be just related directly to the Minister and his direct staff or what does that actually cover? I'm sorry, that's under item Executive \$650,085.90 under travelling it shows \$54,353.00."

REQUESTED INFORMATION

PROVINCE OF MANITOBA
DEPARTMENT OF NORTHERN AFFAIRS
ANALYSIS OF TRAVELLING EXPENSES
EXECUTIVE DIVISION
FOR THE YEAR ENDED MARCH 31, 1977

FIELD TRIPS WITHIN THE PROVINCE

Meals Accommodation, etc.	\$ 10,790.53
Scheduled Public Air Transportation	16,306.45
Chartered Aircraft	3,299.79
Manitoba Government Air Services	<u>19,898.27</u>
	\$ 50,295.04

FIELD TRIPS OUTSIDE THE PROVINCE

Meals Accommodations, etc.	\$ 699.90
Scheduled Public Air Transportation	<u>321.00</u> 1,020.90

CONVENTION AND CONFERENCES 3,000.00

TECHNICAL DEVELOPMENT AND TRAINING 37.50

\$ 54,353.44

These costs were incurred by the Minister, his Deputy and other staff who were authorized to travel by a member of the executive division of Northern Affairs.

PUBLIC ACCOUNTS COMMITTEE MEETING

THURSDAY, MAY 11, 1978

: NORTHERN AFFAIRS - GENERAL ADMINISTRATION - PLANNING AND POLICY
DEVELOPMENT (Page 146)

QUESTION BY MR. WILSON

"I was wondering if somebody could explain Planning and Policy Development. The other expenditures while they're only \$92,000, there's some odd type of expenditures such as clothing for \$1,835.00 and if I knew what the item was then I'd be able to envision why the expenditure was justified".

"Well, what I mean, is that the Minister himself or somebody on his staff or is it somebody in the planning staff or what"?

QUESTED INFORMATION

The amount of \$1,835.56 was expended for the purchase of parkas and other winter clothing. There are two plans under which the department purchases these items. One plan provides for the purchase of such items on behalf of the employees with repayment by the employee. The amount recovered is credited to revenue.

A second plan provides the clothing for use by employees. After the winter season, they are returned to supply, cleaned and stored for the next season.

PUBLIC ACCOUNTS COMMITTEE MEETING

THURSDAY, MAY 11, 1978

RE: NORTHERN AFFAIRS - PROJECT PIMADJITOWIN (Page 147)

QUESTION BY MR. WILSON

"Under 2(b) the project there, it's got \$71,322.59 for travelling. That seems to be quite a substantial amount. I wonder if it could be explained.

Could you explain what the project is that costs \$360,000.00 I'm just interested in finding out what the project Pimadjit or whatever it's called, the \$360,000.00."

REQUESTED INFORMATION

Project Pimadjitowin was a project shareable with the Federal Government on a 60-40 basis under the Northlands agreement. The objectives of the project were as follows:

OBJECTIVES:

To provide for the social and economic development of North-eastern Manitoba in conjunction with the existing resource potential and the needs of the area as defined by communities in the region.

More specifically, the project agreement sets out the following:

The Province of Manitoba, Department of Northern Affairs, will undertake a course of action in "Northeast Manitoba" which is:

- (a) Involve local residents and permit for a thorough evaluation of existing activities of the public and private sector respecting the social and economic impacts of such activities;
- (b) Examine and quantify, in cooperation with residents of "Northeast Manitoba", the social and economic activities which are necessary to facilitate for real options and opportunities for local people to contribute and par-

participate in the social and economic development of the area; to enable local people to continue their own way of life with enhanced pride and purpose and for people to participate in the orderly utilization of the natural resources of the area;

- (c) Prepare a document, "The Social and Economic Development Guidelines for Northeast Manitoba", which details the appropriate actions to be undertaken by the public and private sector as pertaining to the area in general and the people of the communities specifically.

SON FOR TRAVEL

1. Community leaders travel to Winnipeg to meet with staff of both government and with each other to discuss plans for socio-economic development in northeastern Manitoba.
2. Community leaders travel to other points within Manitoba and Canada to see how others use their natural resources.
3. Liaison workers travel among communities to assist community leaders with evaluating the situation in each community and to assist in developing plans for the utilization of the natural resources of the area.
4. Liaison workers travel to Winnipeg to meet with government staff to obtain technical information required by the communities.
5. Resource persons (government and private) travel to communities to provide information and expertise in various areas of socio-economic development.

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PROVINCE OF MANITOBA
DEPARTMENT OF NORTHERN AFFAIRS
ANALYSIS OF TRAVELLING COSTS FOR
PROJECT PIMADJITOWIN
FOR THE YEAR ENDED MARCH 31, 1977

FIELD TRIPS WITHIN THE PROVINCE

Meals, accomodations, etc.	\$ 20,575.01
Scheduled Public Air Transportation	16,676.85
Chartered Aircraft	28,967.50
Manitoba Government Air Services	<u>2,096.57</u>
	\$ 68,315.93

FIELD TRIPS OUTSIDE THE PROVINCE

Meals, accommodations, etc.	\$ 1,289.01	
Scheduled Public Air Transportation	<u>1,717.65</u>	<u>3,006.66</u>
		\$ 71,322.59

PUBLIC ACCOUNTS COMMITTEE MEETING

THURSDAY, MAY 11, 1978

NORTHERN AFFAIRS - AIRPORT AND AIRSTRIP OPERATION AND MAINTENANCE

(Page 148)

QUESTION BY MR. MINAKER

"Under Airport and Airstrip operation and Maintenance there is a travel expense under there of \$101,566.91.

. I wonder if there's any possibility that we could possibly get a breakdown of that particular item."

ADDITIONAL INFORMATION

PROVINCE OF MANITOBA
DEPARTMENT OF NORTHERN AFFAIRS
ANALYSIS OF TRAVELLING EXPENSES
EXECUTIVE DIVISION
FOR THE YEAR ENDED MARCH 31, 1977

FIELD TRIPS WITHIN THE PROVINCE

Meals, accommodations, etc.	\$ 10,124.66
Scheduled Public Air Transportation	16,966.45
Chartered Aircraft	11,127.82
Manitoba Government Air Service	<u>58,202.44</u>
	\$ 96,421.37

CONVENTIONS AND CONFERENCES

Meals, accommodations, etc.	\$ 1,580.98	
Scheduled Public Air Transportation	1,039.00	2,619.98
TRANSFER AND RELOCATION		2,049.01
TECHNICAL DEVELOPMENT AND/OR TRAINING		168.55
OTHER		<u>308.00</u>
		\$ 101,566.91

PUBLIC ACCOUNTS COMMITTEE MEETING

THURSDAY, MAY 11, 1978

RE: TRAVEL EXPENSES, NORTHERN AFFAIRS

QUESTION BY MR. ORCHARD

"I would like to make a request to have that travelling budget Northern Affairs broken down into the various categories that we have available by the codes. Would that be possible?"

REQUESTED INFORMATION

Attached is a schedule showing a breakdown of the \$1,135,827.8 expended by the Department into the various categories.

Public Accounts
Friday, November 24, 1978

PROVINCE OF MANITOBA
DEPARTMENT OF NORTHERN AFFAIRS
ANALYSIS OF TRAVELLING EXPENSES
FOR THE YEAR ENDED MARCH 31, 1977

Field Trips Within the Province

Meals, Accommodations, etc.	\$ 360,837.37
Scheduled Public Air Transportation	295,100.33
Chartered Aircraft	143,033.16
Manitoba Government Air Service	<u>268,302.75</u>
	\$1,067,273.61

Field Trips Outside the Province

Meals, Accommodations, etc.	\$5,680.87	
Scheduled Public Air Transportation	<u>4,869.65</u>	10,550.52

Conventions and Conferences

Meals, Accommodations, etc.	\$6,896.39	
Scheduled Public Air Transportation	<u>3,537.80</u>	10,434.19

Expenses re Applicants for Civil Service Positions	2,701.78
Transfer and Relocation Expenses	32,944.56
Technical Development or Training	9,228.81
Other	<u>2,694.38</u>

TOTAL TRAVELLING \$1,135,827.85

See following page for breakdown by appropriation.

PUBLIC ACCOUNTS FOR THE YEAR ENDED MARCH 31, 1977
DEPARTMENT OF NORTHERN AFFAIRS
SUMMARY OF TRAVELLING EXPENSES

APPROPRIATION XXIII	TOTAL	FIELD TRIPS WITHIN PROVINCE				FIELD TRIPS OUTSIDE PROVINCE		CONVENTION AND CONFERENCES		MISCELLANEOUS			
		MEALS ACCOMMOD- ATIONS, ETC. 661	SCHEDULED PUBLIC AIR TRANSP 6611	CHARTERED AIRCRAFT 6612	MAN GOVT AIR SERVICE 6613	MEALS ACCOMMOD- ATIONS, ETC. 662	SCHEDULED PUBLIC AIR TRANSP 6621	MEALS ACCOMMOD- ATIONS, ETC. 664	SCHEDULED PUBLIC AIR TRANSP 6641	EXP. APPLIC CIV SERV 666	TRANSFER RELOCA- TION 667	TECH DEVEL & TRNG 668	OTHER 669
1a(3)	54,353.44	10,790.53	16,306.45	3,299.79	19,898.27	699.90	321.00	3,000.00			37.50		
1b(2)	31,994.99	9,600.82	17,198.72	364.40	3,402.83	289.62	192.00		743.10	60.50		143.00	
1b(3)b	29,566.89	10,776.07	12,803.75	95.00	4,201.55	149.30	328.00	47.55	471.19	674.08		20.40	
1c(2)	67,625.14	22,743.99	24,115.00	495.90	4,790.20	156.94				7,663.39	7,446.47	213.25	
2a(2)	34,222.28	12,012.21	13,114.95	2,751.60	4,932.19	249.85	110.00	1,051.48					
2a(3)	3,995.71	778.06	306.00	758.35	2,078.90			74.40					
2b	71,322.59	20,575.01	16,676.85	28,967.50		1,289.01	1,717.65						
3a(2)	46,758.39	12,223.89	16,153.10	4,267.12	11,173.91				373.68	1,072.51	157.80	1,336.38	
3a(3)b	5,313.84	3,054.94	1,373.40	378.00	347.75						159.75		
3b	71,637.35	9,245.82	4,855.95	36,973.90	20,561.68								
3d(2)	101,566.91	10,124.66	16,966.45	11,127.82	58,202.44			1,580.98	1,039.00		2,049.01	168.55	308.00
3e(2)	46,568.48	4,246.03	4,363.60	7,338.65	30,620.20								
4a(2)	230,519.42	115,032.95	63,458.80	16,147.32	19,282.16	1,950.73				552.85	13,078.36	1,016.25	
5a(2)	168,516.69	59,525.06	41,988.35	19,342.49	34,408.14	800.62	1,721.00	944.93	2,100.80	270.26	6,979.45	242.49	193.10
5b(2)	115,866.94	40,121.10	27,097.99	7,586.22	39,792.57	94.90	480.00	197.05	398.00				99.11
5b(3)	3,837.76	426.40	380.67	2,773.20	39.00						120.00		98.49
5c(2)	52,161.03	19,559.83	17,940.30	365.90	12,474.39					290.70	1,247.26		282.65
	1,135,827.85	360,837.37	295,100.33	143,033.16	268,302.75	5,680.87	4,869.65	6,896.39	3,537.80	2,701.78	32,944.56	9,228.81	2,694.38

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PUBLIC ACCOUNTS COMMITTEE MEETING

THURSDAY, MAY 11, 1978

RE: PUBLIC WORKS - ARCHITECTURAL AND ENGINEERING (Page 151)

ESTION BY MR. WILSON

Under Architectural and Engineering \$1,014,997.39 But I would like an explanation sometime in the future of the membership fee expenditure of \$404.00.

QUESTED INFORMATION

The basic policy applicable to membership fees is set out in the General Manual of Administration as follows:

"The Deputy Minister or the Head of an Agency or an Assistant Deputy Minister--Administration may judge, subject to the guidelines herein, when membership in a particular association or institution is in the interest, or serves a purpose, of the department or agency, and may authorize payment of membership fees accordingly. However, no membership fee will be paid from public funds where the organization is primarily of a social, recreational or fraternal nature or where membership is primarily of interest to the employee as an individual.

Membership fees may be authorized for payment where:

- a) The organization is established to serve exclusively the public service.
- b) The organization is national or quasi-national, oriented to a segment of industry, but not specific to the professional advancement of an individual.

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- c) A point of contact with the public is necessary to promote the interests of government.

- d) When payment of fees has been negotiated through an Employee's Union or Association and the payment of the fees is incorporated into a negotiated contract.

PUBLIC WORKS - ARCHITECTURAL AND ENGINEERING
MEMBERSHIP FEES - YEAR ENDED MARCH 31, 1977

Construction Specifications Canada	\$ 165.00
Canadian Society for Civil Engineering	54.00
Canadian Geotechnical Society	5.00
American Society of Heating, Refrigerating & Air Conditioning Engineers (Manitoba Chapter)	70.00
American Society of Heating, Refrigerating & Air Conditioning Engineers (New York)	100.00
	<u>\$ 404.00</u>

These payments were made pursuant to (b) above.

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PUBLIC ACCOUNTS COMMITTEE MEETING

THURSDAY, MAY 11, 1978

RE: PUBLIC WORKS - NORQUAY BUILDING AND WOODSWORTH BUILDING (page 159)

QUESTION BY MR. MINAKER

"My question maybe could be put under page 158; it'll refer back to item 112, under utilities for the Norquay Building of \$241,000.00.....but I wanted to make reference to that utility, and maybe it will be answered as to whether or not the operating expenses of 405 (Woodsworth Building) is for all the year or just a portion."

"My question is under item 124, 405 Broadway, the Woodsworth Building. Does that include all of the cost for a year or is that just a portion of the year, when they opened it up? The comparison of the two buildings which are relatively identical in size, shows the Woodsworth at \$319,000 versus \$611,000 for the Norquay Building. It particularly comes under utilities, where there is a discrepancy".

QUESTED INFORMATION

The Woodsworth Building was finished in February, 1976. The costs shown in the Public Accounts were for a full year although all of the building was not occupied.

The higher costs of operating the Norquay Building, (i.e. approximately \$292,000) are mainly attributed to the following:

1. UTILITIES - \$141,600

Heat and air conditioning are provided to both buildings by the Central Power House at no charge. The utility costs represents the cost of electrical power used in each building. There are basically two factors why electrical costs in Norquay Building are higher than the Woodsworth Building:

- (a) The Norquay Building contains approximately 9% more space than the Woodsworth Building (i.e. 213,754 square feet versus 195,735 square feet).

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(b) Manitoba Data Services, located in the Norquay Building, has a high requirement for electrical power.

2. IMPROVEMENTS TO GROUNDS, ALTERATIONS, FURNITURE, FURNISHINGS AND INCIDENTAL EXPENSES \$140,000.

This reflects the increased cost of renovations in the Norquay Building, which has been occupied for approximately 18 years.

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COMPARISON OF MAINTENANCE COSTS FOR YEAR ENDED MARCH 31, 1977

	<u>NORQUAY BUILDING</u>	<u>WOODSWORTH BUILDING</u>
aries	\$ 40,330.37	\$ 140,956.59
or Expenditures		
Other fees	115,450.78	3,854.00
Building Maintenance Supplies	6,569.62	2,575.91
Utilities	241,260.59	99,657.33
Equipment	1,929.77	23,466.78
Materials & Related Costs	36,064.05	19,232.33
Freight, Express & Cartage	4,867.76	4,748.27
Other	3,261.68	4,514.56
	<u>\$ 409,404.25</u>	<u>\$ 158,049.18</u>
entive maintenance	<u>\$ 1,727.88</u>	<u>\$ 66.68</u>
	<u>\$ 451,462.50</u>	<u>\$ 299,072.45</u>

IMPROVEMENTS TO GROUNDS, ALTERATIONS, FURNITURE,
FURNISHINGS AND INCIDENTAL EXPENSES

ies and wages	\$ 78,762.55	\$ 2,480.66
Expenditures		
Professional fees	\$ 3,359.08	\$ 56.00
Furniture & furnish-office	6,952.38	1,945.65
Buildings-Materials & related	69,889.87	10,627.54
Other	1,111.57	10.28
Computer related expenses		4,988.24
	<u>\$ 81,312.90</u>	<u>\$ 17,627.71</u>
	<u>\$ 160,075.45</u>	<u>\$ 20,108.37</u>
ombined Total	<u>\$ 611,537.95</u>	<u>\$ 319,180.82</u>

PUBLIC ACCOUNTS COMMITTEE MEETING

THURSDAY, MAY 11, 1978

RE: PUBLIC WORKS - MEMORIAL PARK WASHROOM (Page 159)

QUESTION BY MR. JOHNSTON

"I would like to have a breakdown, other fees. You know, that's nearly three-quarters of the operating expenditure" (Memorial Park Washroom).

REQUESTED INFORMATION

The total fees of \$12,496.80 were paid to Oxford Building Cleaning Company Limited.

These fees are paid for custodial service for the periods during which the facility is open (May 1 to October 31, Remembrance Day and Santa Claus Parade) An attendant is present for the 15 hours per day (8:00 A.M. to 11:00 P.M.) to maintain the facilities.

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PUBLIC ACCOUNTS COMMITTEE MEETING

THURSDAY, MAY 11, 1978

PUBLIC WORKS - CENTRAL SERVICES - CENTRAL PROVINCIAL GARAGE (page 175)

STION BY MR. WILSON

"If I am correct in my assumption that under Central Provincial Garage . . . that the \$5,683,000. is for the acquisition of automobiles, where in other areas, the automobile, according to the coding, could very well be for a per mile expense or an expense of gasoline, repairs, and what have you."

"I guess really I would have to ask the Minister for sort of an historical breakdown of the cost to the taxpayers for purchases of automobiles each year, rather than hoping to find it under this item."

ESTED INFORMATION

	<u>1976/77</u>	<u>UNITS</u>
quisition of vehicles - initial cost	\$ 339,780.66	75
quisition of vehicles - on trade-in	1,409,270.92	592
ent for leased rental and operating ts	24,178.25	
lubricant, antifreeze	1,857,491.07	
cle insurance	584,089.61	
s - purchased for installation by tral Garage	805,766.48	
s - purchased for installation by ar government departments	34,849.97	
s and other repairs - installed by -government	302,504.43	
ir costs - install tires, etc. by -government persons	316,008.56	
:	<u>9,507.01</u>	
	<u>\$ 5,683,446.96</u>	

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PUBLIC ACCOUNTS COMMITTEE MEETING

THURSDAY, MAY 11, 1978

RE: TOURISM, RECREATION & CULTURAL AFFAIRS - PUBLIC LIBRARY SERVICES (page 1

QUESTION BY MR. WILSON

"Under the Public Library Services, it has an item here called Publications of \$95,000.00. What would that be for? Would that be for the purchase of library books?

..... It is almost a \$95,000 expenditure and I was just wondering in my mind what it was for."

REQUESTED INFORMATION

Books, including reference texts	\$ 87,647.74
Subscriptions to periodicals	1,162.89
Subscriptions to newspapers	62.00
Other (16MM prints, etc.)	5,984.74
	<hr/>
	\$ 94,857.37
	<hr/> <hr/>

This library serves two major audiences:

1. Book by mail service to approximately 200,000 individuals in rural areas not serviced by other library facilities.
2. Backup support for other public libraries which require the loan of certain publications that may otherwise be unavailable.

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PUBLIC ACCOUNTS COMMITTEE MEETING

THURSDAY, MAY 11, 1978

: REPORT OF AMOUNTS PAID TO MEMBERS OF THE ASSEMBLY (Page 196)

QUESTION BY MR. WILSON

. "If I could just take the one person - I'm not singling him out for any particular reason - but I think if I get the answer to this, then it will be able to give me the idea of how these expenses are incurred and run up. So, if I could ask for a breakdown of the \$4,750.00 for the Member for Burrows, under page 196, that would answer a lot of my questions."

REQUESTED INFORMATION

The attached schedule presents a breakdown of the reimbursement of expenses made to Mr. Hanuschak during the fiscal year.

HONOURABLE B. HANUSCHAK

REIMBURSEMENT OF EXPENSES - 1976/77

<u>LOCATION</u>	<u>PURPOSE</u>	<u>FIELD TRIPS WITHIN PROV.</u>	<u>FIELD TRIPS OUTSIDE PROV.</u>	<u>CONVENTIONS & CONFERENCES</u>	<u>INSERVICE MEALS & STAFF MIG.</u>
Brandon	Attending Convocation	\$ 100.00	\$	\$	\$ 125.00
Toronto	Manpower-Employment Sub-committee of cabinet meeting		200.00		
Toronto	Meeting - Minister of Education from France		100.00		125.00
Toronto	Ukrainian Anniversary Celebration		250.00		
Brandon-Killarney	Graduation and Speaking Engagement	300.00			
Victoria	Lecture at University		50.00		
Montreal	Meeting with Quebec Minister of Education		150.00		50.00
Montreal	Intern'l Youth Camp		200.00		
Montreal	Rental of 301-90 de L'Eglise Jul 1 - Aug 15/76 re Olympic Games		800.00		
Brandon	Graduation	50.00			
Ottawa	Meeting with Government Officials		250.00		
Halifax	Council of Ministers of Education Canada and Western Post Secondary Committee of Cabinet		250.00		
Regina	Federal Provincial Parks Conference		125.00		
Toronto	Related General Expenses	25.00			
Toronto	Conference of Manpower Ministers			225.00	
Toronto	Related General Expenses	50.00			
Brandon	West Man Tourist Association Dinner	50.00			
Ottawa	Fed/Prov. Conference on Tourism		150.00		
Toronto	Related Misc. Expenses	75.00			
Toronto	Exec. Meeting Council of Minister of Education Canada			200.00	
The Pas, Thompson	Special Projects	100.00			
Winnipeg	Related Misc. Expenses	50.00			
Winnipeg	General Expenses	50.00			
Quebec City	Council of Minister of Education Canada			250.00	
Ottawa	Related General Expenses	50.00			
Ottawa	Briefing-Commonwealth Conference in Accra, Ghana		75.00		
Toronto	Canadian Book Publishing		75.00		
Winnipeg	General Expenses	100.00			
Edmonton	Western Canada Post Secondary Co-ordinating Committee			50.00	
Rivers	Speaking Engagement at Conference			50.00	
TOTAL \$4,750.00		\$1,000.00	\$2,675.00	\$ 775.00	\$ 300.00

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