



First Session — Thirty-Fourth Legislature
of the
Legislative Assembly of Manitoba

STANDING COMMITTEE

on

PUBLIC ACCOUNTS

37-38 Elizabeth II

Chairman
Mr. Herold Driedger
Constituency of Niakwa



VOL. XXXVII No. 3 - 10 a.m., THURSDAY, MARCH 16, 1989.



**MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fourth Legislature**

Members, Constituencies and Political Affiliation

| NAME | CONSTITUENCY | PARTY |
|---------------------------------|--------------------|---------|
| ALCOCK, Reg | Osborne | LIBERAL |
| ANGUS, John | St. Norbert | LIBERAL |
| ASHTON, Steve | Thompson | NDP |
| BURRELL, Parker | Swan River | PC |
| CARR, James | Fort Rouge | LIBERAL |
| CARSTAIRS, Sharon | River Heights | LIBERAL |
| CHARLES, Gwen | Selkirk | LIBERAL |
| CHEEMA, Gulzar | Kildonan | LIBERAL |
| CHORNOPYSKI, William | Burrows | LIBERAL |
| CONNERY, Edward Hon. | Portage la Prairie | PC |
| COWAN, Jay | Churchill | NDP |
| CUMMINGS, Glen, Hon. | Ste. Rose du Lac | PC |
| DERKACH, Leonard, Hon. | Roblin-Russell | PC |
| DOER, Gary | Concordia | NDP |
| DOWNEY, James Hon. | Arthur | PC |
| DRIEDGER, Albert, Hon. | Emerson | PC |
| DRIEDGER, Herold, L. | Niakwa | LIBERAL |
| DUCHARME, Gerald, Hon. | Riel | PC |
| EDWARDS, Paul | St. James | LIBERAL |
| ENNS, Harry | Lakeside | PC |
| ERNST, Jim, Hon. | Charleswood | PC |
| EVANS, Laurie | Fort Garry | LIBERAL |
| EVANS, Leonard | Brandon East | NDP |
| FILMON, Gary, Hon. | Tuxedo | PC |
| FINDLAY, Glen Hon. | Virden | PC |
| GAUDRY, Neil | St. Boniface | LIBERAL |
| GILLESHAMMER, Harold | Minnedosa | PC |
| GRAY, Avis | Ellice | LIBERAL |
| HAMMOND, Gerrie | Kirkfield Park | PC |
| HARAPIAK, Harry | The Pas | NDP |
| HARPER, Elijah | Rupertsland | NDP |
| HELWER, Edward R. | Gimli | PC |
| HEMPHILL, Maureen | Logan | NDP |
| KOZAK, Richard, J. | Transcona | LIBERAL |
| LAMOUREUX, Kevin, M. | Inkster | LIBERAL |
| MALOWAY, Jim | Elmwood | NDP |
| MANDRAKE, Ed | Assiniboia | LIBERAL |
| MANNES, Clayton, Hon. | Morris | PC |
| McCRAE, James Hon. | Brandon West | PC |
| MINENKO, Mark | Seven Oaks | LIBERAL |
| MITCHELSON, Bonnie, Hon. | River East | PC |
| NEUFELD, Harold, Hon. | Rossmere | PC |
| OLESON, Charlotte Hon. | Gladstone | PC |
| ORCHARD, Donald Hon. | Pembina | PC |
| PANKRATZ, Helmut | La Verendrye | PC |
| PATTERSON, Allan | Radisson | LIBERAL |
| PENNER, Jack, Hon. | Rhineland | PC |
| PLOHMAN, John | Dauphin | NDP |
| PRAZNIK, Darren | Lac du Bonnet | PC |
| ROCAN, Denis, Hon. | Turtle Mountain | PC |
| ROCH, Gilles | Springfield | LIBERAL |
| ROSE, Bob | St. Vital | LIBERAL |
| STORIE, Jerry | Flin Flon | NDP |
| TAYLOR, Harold | Wolseley | LIBERAL |
| URUSKI, Bill | Interlake | NDP |
| WASYLYCIA-LEIS, Judy | St. Johns | NDP |
| YEO, Iva | Sturgeon Creek | LIBERAL |

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, March 16, 1989

TIME — 10 a.m.

LOCATION — Winnipeg, Manitoba

CHAIRMAN — Mr. Herold Driedger (Niakwa)

ATTENDANCE - 11 — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Derkach, Downey, Manness
Messrs. Alcock, Cowan, Driedger, Gaudry,
Harper, Kozak

APPEARING: Mr. Fred Jackson, Provincial Auditor
Mr. John Singleton, Assistant Provincial
Auditor

MATTERS UNDER DISCUSSION:

The Annual Reports for the fiscal year ending
March 31, 1988, for the Provincial Auditor's
Report and the Public Accounts Report.

* * * *

Mr. Chairman: We are considering the Public Accounts and the Report of the Provincial Auditor for the fiscal year ending March 31, 1988.

Before we start I would like to just simply read, effective immediately, the MLA for Inkster, Kevin Lamoureux, is resigning from the Public Accounts Committee.

Mr. Richard Kozak (Transcona): Mr. Chairman, I would like to move that the Member for Osborne (Reg Alcock) replace the Member for Inkster (Mr. Lamoureux).

Mr. Chairman: Mr. Kozak moves the replacement of Reg Alcock for Kevin Lamoureux—no, moves that Mr. Alcock replaces Mr. Lamoureux. All in favour? Opposed? All right then, can we begin? The Minister has indicated that he does not wish to make an opening statement, so we can proceed directly into questions.

Mr. Kozak: Thank you, Mr. Chairman. Once again, we would like to welcome the staff of the Provincial Auditor's office, including Mr. Jackson, the Provincial Auditor.

At the last meeting and the previous meeting we had extensive discussions regarding pension liabilities of this Government. I would like to ask the Provincial Auditor if he recognizes Public Sector Accounting Statement No. 5 entitled Accounting for Employee Pension Obligations in Government financial statements dated November 1988 as issued by the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants.

Mr. Fred Jackson (Provincial Auditor): Yes, indeed, I do recognize that particular . . . the committee . . .

Mr. Chairman: Mr. Jackson, could I ask you to pull the microphone a little closer to you?

Mr. Kozak: May I ask Mr. Jackson, in addition, Mr. Chairman, if he will confirm that the membership of the committee issuing the guidelines referred to in Public Sector Accounting Statement No. 5 included C.E. Curtis as chairman, the Deputy Minister of Finance of the Province of Manitoba, a partner of Thorne, Ernst and Whinney based in Ottawa, the corporate controller for operations of Ontario Hydro, the Auditor General of Quebec, a professor from the School of Public Administration of the University of Victoria, the Director of Financial Services of the City of Montreal, the Deputy Minister of Finance of the Province of Newfoundland, the Director of the Government Accounting Policy Division in the Accounting and Costing Policy Branch of the office of the Comptroller General of Canada; you, yourself, Mr. Jackson, in your capacity as Provincial Auditor of the Province of Manitoba, L.W. LaCosta, FCA of Halifax, the Auditor General of the Province of Prince Edward Island, the Deputy Provincial Treasurer, Management and Control of the Province of Alberta, the Comptroller of the Government of Quebec, the Assistant Auditor General in the office of the Auditor General of Canada and the Director, Financial Information and Accounting Policy Branch of the Minister of Treasury and Economics of the Province of Ontario.

* (1005)

Mr. Jackson: That is right with one exception. — (Inaudible) — . . . not the Auditor General of Quebec, he is the Assistant Auditor General of Quebec. But this listing that we are referring to is not all-encompassing. One of the things that the Public Sector Accounting and Auditing Committee did initially was to form a task force, and that task force was formed with six representatives of the Actuarial Society of Canada as well as six chartered accountants. That was done so that there would be a wider cross section of interest groups to address this issue.

Mr. Kozak: I would like, if I might, to address a question to the Minister of Finance (Mr. Manness). The Minister will undoubtedly recall a few exchanges between himself and myself in the House during the last Session in which he indicated his Government's inclination to participate in and cooperate fully with the guidelines established for accounting for employee pension obligations arrived at by the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants.

Hon. Clayton Manness (Minister of Finance): I am sorry I did not hear the question if there was one. I am very much aware of the discussions we have had over the ensuing months and I can indicate to the committee, given that Charlie Curtis, the Deputy, has been the chair, I believe, of this committee, indeed given that Mr. Jackson has also been an active member and Manitoba is very well represented, I have had countless numbers of discussions particularly with the Deputy with regard to this whole issue and how it is that we can reflect and disclose more accurately the unfunded liability that we have, and ultimately in due course how it is we can, as one province out of 10, that we can begin to appropriate for this type of liability.

Mr. Kozak: Once again for Mr. Jackson, Mr. Chairman, what degree of reputation and what level of compliance are usually associated with authoritative statements of the Public Sector Accounting and Auditing Committee of the CICA?

Mr. Jackson: The Canadian Institute of Chartered Accountants is generally recognized as the standard setting body for both the private sector and the public sector for purposes of accounting recommendations for using.

Mr. Kozak: Mr. Jackson, just to probe a little further, I imagine one could extrapolate that significant departures from guidelines and standards issued by the CICA would be considered a significant variation from normally accepted accounting procedures. Would that be correct, Mr. Sir?

Mr. Jackson: That is right, Sir.

Mr. Kozak: Mr. Chairman, if I might ask Mr. Jackson further whether in his opinion as in mine the statement regarding employee pension obligations issued by the CICA is consistent with recent U.S. statements issued by the Financial Accounting Standards Board. It is my understanding that the statement issued by the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants is fully consistent with recent comparable authoritative statements issued by the FASB.

* (1010)

Mr. Jackson: Mr. Chairman, I am not familiar with the details of the FASB recommendation, nor have I done a line by line comparison with the two. My understanding is that generally the thrust is parallel.

Mr. Kozak: Would it be fair to say, Mr. Jackson, that the accounting profession and auditors in general in this country would expect Governments to routinely comply with Public Sector Accounting Statement No. 5?

Mr. Jackson: Mr. Chairman, one of the references I made earlier was that the Canadian Institute of Chartered Accountants sets standards for both the private sector and the public sector, but there are differences. In the private sector, one of the things that

is done is that there is a fair bit of emphasis for share sales that take place through the Securities Exchange Commission in the United States and the exchanges that take place in Canada.

Qualifications in auditors' reports on those type of situations are to be avoided at all costs if possible. Whilst the Public Sector Accounting and Auditing Committee has come forth with recommendations that are considered to be in the best interests of all affected parties in the Government environment, the situation is different in that Government entities are sovereign entities of the Crown and no outside body can dictate to those sovereign bodies.

What you are seeing here is the best considered opinion of the recognized standard setting group working towards improving financial disclosure for Government entities.

Mr. Kozak: Thank you, Mr. Jackson, and thank you, Mr. Chairman. Certainly all members of the committee will recognize the sovereignty of the Crown and the inability of outside agencies to dictate to Government in the same way that the private sector chooses to police itself with the assistance of the Canadian Institute of Chartered Accountants.

The Provincial Auditor recommended in his most recent report to the Legislature for the fiscal year ended March 31, 1988, that the Estimates presented to the Legislative Assembly for year ended March 31, 1991, contained a provision for recording pension benefits earned by employees during that year. Does the Provincial Auditor, with specific reference to Public Sector Accounting Statement No. 5, still consider that an appropriate recommendation?

Mr. Jackson: Mr. Chairman, yes, I do.

Mr. Kozak: During the last two meetings of this committee, we did speak at great length regarding pension liabilities of the provincial Government with particular reference to unfunded pension liabilities of the provincial Government.

The most accurate estimate one can perhaps come up with at present is that the provincial deficit, if Public Sector Accounting Statement No. 5 is taken into account, is in effect approximately \$1 billion higher than our financial statements record and that the annual deficit of the provincial Government is in the range of \$50 million to \$100 million higher than the Government's financial statements record.

* (1015)

In the interest of presenting a clear picture to the citizenry as to the financial position of our Government, it seems incumbent on us as legislators to address the problem that Mr. Jackson and his colleagues in every province across the country have identified, as well as his colleagues in the federal Auditor General's office. I might, as a further question to Mr. Jackson, ask if other provinces are having at present a debate similar to ours as a consequence of the November 1988 guidelines issued by the Institute of Chartered Accountants.

Mr. Jackson: It is my understanding that the recording of pension liabilities is a universal problem in the provincial and federal jurisdictions across Canada. Having said that, it would be not appropriate if I did not recognize that certain jurisdictions are ahead of us in recognizing these liabilities.

Mr. Kozak: Once again for Mr. Jackson, in light of Mr. Jackson's experience and in light of his knowledge of accounting and auditing practices across this country, would he at present be prepared to say that most jurisdictions appear to be moving along the lines of the recommendations, indeed the guidelines, issued in Public Sector Accounting Statement No. 5?

Mr. Jackson: Mr. Chairman, perhaps the best answer is that each of the jurisdictions is having to grapple with this problem presently. Canada has addressed the issue except for one small aspect, and it is small in relation to Canada. They have not yet addressed the indexing aspect of the pension liability. That aspect in itself is approximately \$4.1 billion.

The Province of Quebec is working to record the liability on its financial statements and, for the last year or so, has been moving to incorporate the liabilities onto the assets on an annual basis. However, the tack that they have taken is not generally considered to be appropriate even though it is a good first start, in that they expect to bring on the liabilities over an approximately 50-year time frame.

There is a difference between the pension approach for the private sector and for the public sector. In the private sector, there is the ability under the handbook to bring on the liabilities over the expected remaining working life of the average of the employees involved, which generally works out to be about 15 years. The handbook for the public sector is more stringent than that and it is recommending bringing on the liabilities forthwith.

There are two reasons for that of course. In the private sector, the matching of revenue and expenditure and the possible significant distortion in reported earnings could be disastrous from a share-earning situation for the private sector. That is perhaps why they have allowed them to go for the 15 years. In Government, there is not that type of measurement, and the emphasis on Government accounting and reporting is on the liabilities that have been incurred that need to be discharged by future taxes.

* (1020)

Mr. Kozak: Thank you once again, Mr. Jackson and Mr. Chairman. In the opinion of you and your office, Mr. Jackson, and in this I recognize your extensive experience with the Public Sector Accounting and Auditing Committee of the CICA, do you feel, Sir, that the document before me at present, Public Sector Accounting Statement No. 5, is a statement that the accounting profession will be prepared to live with for a certain extended period of time, or do you feel that if we went far along the road of following the guidelines therein contained we might find ourselves, within the

next six months, looking at revising our approach. In other words, is the Public Sector Accounting and Auditing Committee of the CICA satisfied that this formula is close to satisfactory, close to being in final form?

Mr. Jackson: Mr. Chairman, what we are seeing here as Public Sector Accounting Statement No. 5 is really the final form, recommendation of the Institute of Chartered Accountants of Canada. I might mention that the Provincial Institute of Chartered Accountants of Saskatchewan have adopted the Public Sector Accounting Statements as standards in the Province of Saskatchewan. My understanding is that the overall reaction to this release has generally been favourable.

Mr. Kozak: I would like, at this point, to extend a certain regret to all of my colleagues on the committee. Prior to this meeting, it had been my intention to have copies of Public Sector Accounting Statement No. 5 available to all Members of the committee. I understand that, due to copyright regulations, we are presently awaiting further copies of the statement. I understand that the Provincial Auditor's office has brought a few copies with them, quite likely not enough copies to be of full distribution to the committee, but I wonder if at this point there is a feeling on the committee that we all need a copy of Public Sector Accounting Statement No. 5, or if it would be satisfactory to distribute one copy to each of the three Parties and perhaps a copy to the chairman. That question might be most appropriately addressed to the Provincial Auditor.

Mr. Jackson: The report is copyrighted. We have three copies available and we are quite prepared to distribute them if that is the will of the committee.

Mr. Kozak: I would request that the Provincial Auditor's office do so with our thanks.

Mr. Chairman: Mr. Kozak. Pardon me, Mr. Alcock. Could you raise your hand to indicate your desire to speak, please?

Mr. Reg Alcock (Osborne): I will just ask the Minister a couple of questions. Given the length of time that this issue has been discussed—the Auditor references in his reports some 10 years that he has been raising it. When in Opposition you questioned the Government on previous occasions about this issue. Why is there a delay in moving to implement this recommendation?

Mr. Manness: There is not a delay by any grand plan. As I have indicated on other sittings—and I believe that all of the provinces, and I have talked to other Ministers on this and other Ministers of Finance—I think there is a common desire to want to move in unison and move at the same time, as I disclosed at the last sitting of this committee if it represents a major increase after we have recorded the liabilities and, therefore, leading from that an amount that has to be appropriated every year in support of our funding requirements that it appears to me that it would be probably best if that were done in some unison across the country. You have situations now where some provinces are approaching

balanced budgets under the present accounting policies. We are one of them.

* (1025)

I would have to think that there has to be some commonality of recording and indeed of appropriating if we are going to put into comparison the financial standings of one province versus the other. I have always indicated that we will not be the break to this process as long as I am involved, because I see where there is good merit in recording accurately the true financial standing of the province.

I am mindful of the fact that the Provincial Auditor has indicated—I have heard his report, particularly at the top of page 5: we recommend that the Estimates presented to the Legislative Assembly for the year ending March 31, 1991, contain a provision for recording pension benefits earned by employees during that year. I am mindful of that recommendation, but there has to be some commonality of purpose and of process developed in my view as between all of the provincial jurisdictions.

There is no intent here to throw off the work of the committee who have looked at public sector recording and accountability, nothing in the least, and I think as soon as we can all move toward that same common goal the better and more truly we are reflecting to our citizens the state of finances.

Mr. Alcock: To the Minister, Mr. Chairman, at the recent meeting of Finance Ministers was there an agreement to move in this direction?

Mr. Manness: This issue was not a formal agenda item. We were not summoned by Mr. Wilson to be in Ottawa to discuss this. I tried to have it brought forward as an agenda item. I was not successful although I did discuss the matter in a private meeting I had with Minister Wilson, but more importantly with some other Ministers of Finance, with a recognition that in the expected numbers of meetings that we will be holding over a series of the next three or four months and during that course this issue will be addressed.

Mr. Alcock: Perhaps to the Provincial Auditor, just for information, how long have you been the Auditor for the province?

Mr. Jackson: I became the Auditor of the Province of Manitoba on May 1, 1985.

Mr. Alcock: So then it was during your predecessor's term that this issue first arose and its reference to having been raised a goodly number of times over the last number of years.

Mr. Jackson: Mr. Chairman, yes.

Mr. Alcock: And the process you go through when you are writing recommendations is to take some time to have preliminary discussions with the departments and all of those kinds of things. This may be a gratuitous statement, but it would seem fair to assume that

someone with your background, both in the creation of this statement and also your experience with the accounts in this province and the fact that it has been an issue for some 10 years, that when you make a recommendation that has a specific time frame as March 31, 1991, that you believe it is possible or within the ability of the province to comply with such a statement. Is that not the case?

* (1030)

Mr. Jackson: One of the things that we did point out, and others have pointed out as well, is that there needs to be some evaluation work done before the approximately exact amount of the liabilities can be determined. But, yes, we believe that the time frame we suggested is not unreasonable.

Mr. Kozak: Thank you once again, Mr. Chairman. Once again to Mr. Jackson, in your opinion, Sir, if a motion were made in this committee that embodied all of the highlighted areas, all of the specific recommendations contained within Public Sector Accounting Statement No. 5, would such a motion give effect to the expectations of the accounting and auditing profession in this country?

Mr. Jackson: Mr. Chairman, well, such a motion would indeed express the will of the committee. However, the responsibility for the preparation of the annual financial statements of the province rests with the Minister of Finance (Mr. Manness).

Mr. Kozak: Thank you once again, Mr. Chairman. To refer back to an earlier question, perhaps the Provincial Auditor might clarify his expression of confidence that certain other provinces would be proceeding with this matter at present or shortly. He referred specifically to the fact that the Government of Saskatchewan routinely accepts public sector accounting statements issued by the Canadian Institute of Chartered Accountants. Is there every reason to expect that over the short term we will see a significant amount of compliance with Public Sector Accounting Statement No. 5?

Mr. Jackson: Mr. Chairman, what I indicated was that the Province of Saskatchewan, i.e., its Institute of Chartered Accountants, had accepted the recommendations of the Public Sector Accounting and Auditing Committee. Of course the Province of Saskatchewan is one of the entities that might be affected by the recommendations. However, as we discussed earlier, each of the provinces is a sovereign entity and the Committee of the Institute of Chartered Accountants, Public Sector, has no direct overriding influence on that.

It is interesting, if one wants to follow the logic for a moment though, how things happen. If the Institute of Chartered Accountants of Saskatchewan has accepted the recommendations, that puts an onus on the Provincial Auditor of Saskatchewan to follow the chartered accountants' recommendations or risk censure by the provincial institute. So there is not a direct direction to the Government, but there is certainly

a pressure on the practising member of the profession, that is the legislative auditor, to abide by the recommendations of his profession.

So the most direct influence that there is is that if he does not follow the recommendations he can be censured. They are the generally accepted recommendations as being in the best interests of the community as a whole. So there is the professional aspect and the moral suasion aspect to it.

Mr. Kozak: Mr. Chairman, to the Minister once again. The Provincial Auditor has recommended that the Estimates presented to the Legislative Assembly for the year ended March 31, 1991, contain a provision for recording pension benefits earned by employees during that year. Does the Minister feel it is humanly and administratively and intellectually possible to comply with that request of the Provincial Auditor?

Mr. Manness: Well, I do not know if I can address the question on all the accounts as posed by the Member. I am mindful of the statement. I am mindful also of a lot of the preparatory work that needs to be done, and I am also mindful of my statements that I have made over the years in requests that this be done. I will make every effort to try and attain that goal, without promise, at this point in time. I cannot make that promise. It would be foolhardy for me to do so at this particular point in time.

Mr. Kozak: Would the Minister of Finance (Mr. Manness) concur that responsibility for compliance with accounting standards issued by the Canadian Institute of Chartered Accountants would, in the final analysis, rest with him and his department?

Mr. Manness: Without question, that is a Government decision as to how to reflect best the statements and obviously, as the senior financial Member of the Government Executive Council, that becomes a responsibility of our department and, indeed, myself.

Mr. Kozak: Having taken into account the extremely helpful remarks of the Provincial Auditor, Mr. Jackson, and his officials, and having taken into account the responsibility for compliance with accounting standards that the Minister of Finance (Mr. Manness) does bear in his capacity as Minister of Finance, I would at present like to move, seconded by the Member for Osborne, (Mr. Alcock) a somewhat complex motion. Because of the complexity of the motion, I would ask that the Clerk of the Committee distribute copies of the motion both to my colleagues on the committee and the representative of Hansard.

* (1040)

It is moved, Mr. Chairman, by myself, and seconded by the Member for Osborne (Mr. Alcock), that the Minister of Finance (Mr. Manness) be charged with the responsibility of compliance with accounting standards for employee pension obligations in Government financial statements as issued in November 1988 by the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants, namely:

A) Defined Benefit Pension Plans

- (1) The statement of financial position should account for the pension liability and the statement of revenues and expenditures should account for the pension related expenditures on the basis of the value of the pension benefits attributed to employee service to the accounting date.
- (2) An accrued benefit method should be used to attribute the cost of pension benefits to the periods of employee service.
- (3) The projected benefit method prorated on services should be used to attribute the cost of pension benefits to the periods of employee service.
- (4) Marketable pension fund assets should be valued at market related values.
- (5) Non-marketable pension fund assets should be valued at cost.
- (6) Actuarial assumptions should be based on the Government's best estimates of expected long-term experience and short-term forecasts.
- (7) Actuarial assumptions should be internally consistent.
- (8) Estimation adjustments due to experience gains and losses and changes in actuarial assumptions should be amortized to the liability and the related expenditure in a systematic and rational manner over the expected average remaining service life of the related employee group.
- (9) The amount of any unamortized estimations adjustments should be disclosed in the notes to the financial statements.
- (10) The cost of plan amendments related to prior period employee services should be accounted for in the period of the plan amendment.
- (11) Gains and losses determined upon a plan settlement or curtailment should be accounted for in the period of the settlement or curtailment.
- (12) Financial statements should disclose:
 - (i) a description of pension plans, benefit formulae and funding policy;
 - (ii) the amounts of each component of the pension liability and the pension related expenditures;
 - (iii) unamortized estimation adjustments and the periods of amortization;
 - (iv) a description of significant changes to pension plans during the period;
 - (v) assumptions about long-term inflation rates; and
 - (vi) the date of the most recent actuarial valuation performed for accounting purposes.

B) Defined Contribution Pension Plans

- 1) For defined contribution plans:
 - (i) the pension liability should be the difference between the amount a Government was required to contribute and the amount that was contributed to the accounting date including accumulated interest on any outstanding amounts payable to the fund at the accounting date;
 - (ii) the pension liability should be accounted for in the statement of financial position;
 - (iii) the pension expenditure should be the amount of required contributions provided for employee services rendered in the accounting period. Interest accrued during the period on any outstanding amounts payable to the fund should be accounted for as a pension interest expenditure; and
 - (iv) the pension expenditure and the pension interest expenditure should be accounted for in the statement of revenues and expenditures.
- 2) For defined contribution plans, financial statements should disclose:
 - (i) a description of pension plans, contribution formulae and funding policy; and
 - (ii) a description of significant changes to pension plans during the period.

C) Implementation

- 1) The initial unrecorded pension liability should be accounted for in the statement of financial position as a change in accounting policy applied retroactively.
- 2) Financial statements should disclose whether prior period amounts have been restated.

D) Timing of Actuarial Valuations

- 1) Actuarial valuations of pension obligations for accounting purposes should be done at least once every three years.

Moved by myself, Mr. Chairman, seconded by the Member for Osborne (Mr. Alcock).

* (1050)

Mr. Manness: Mr. Chairman, before discussion begins, before you accept the motion, I would ask whether or not, and this is a question to, I suppose, officers of the Legislature whether or not this motion is in order. I would ask whether it is in conflict with any of the financial Acts that are now in existence, particularly The Financial Administration Act, or any other Act. I would ask whether or not this is precedent to this committee and ask the question whether Government can be directed in the committee to do certain things or whether or not a private Bill of the Legislature would be a better form in which to introduce this matter. I would also ask officers of the Legislature to rule as to whether or not Government can be, through this

process, if indeed effect is given to this motion, whether or not the costs associated with following through on many of the items listed on the sheet can be imposed on Government in this manner. I make the claim that the motion is directive. It is without precedent and may very well be outside the Rules of the Legislature. I would call for a ruling, Mr. Chairman.

Mr. Jay Cowan (Churchill): On a point of order, it is not the officers of the committee who will make that ruling. Indeed, it is yourself who will make that ruling and the ruling is subject to the will of the committee, and I just want to make that point.

Mr. Manness: On the same point.

Mr. Chairman: On this point of order, Mr. Manness.

Mr. Manness: Mr. Cowan is right, you will make the ruling, but I ask you to do so in terms of the Rules of the Legislature which of course you will do, Sir.

Mr. Cowan: How would one do it otherwise?

Mr. Chairman: On the point of order, Mr. Kozak.

Mr. Kozak: To the point of order. I would refresh the Minister of Finance's memory. He was of course a participant in Public Accounts meetings in previous years, and it perhaps will not come as an undue surprise to him that I assert that he himself has placed similar motions on the record that have been debated.

Mr. Chairman: Mr. Manness, on the same point?

Mr. Manness: Same point. Seeing we are digging up the past, Mr. Chairman, the Member is right with respect particularly to multi-year budgeting. A request to present that type of information was brought forward by way of motion by me. I might indicate in doing that it was an indication by the former Minister of Finance that he was planning to go along that course anyway. I request that it be given some parameters of time.

What this motion is asking for is much beyond that. It lays out in a directive manner how it is that certain financial matters should be carried on and should be recorded by this Government. It is being done with respect, Mr. Chairman, in a forum, that being a committee of the Legislature. I would have to think that knowing the Rules of the House, maybe not as well as yourself, that it would be better brought forward by way of a Bill at the sitting of the next Session of the Legislature. But, Sir, I just ask you to take all these matters into account when you rule.

Mr. Chairman: I will call for a short recess while we deliberate on the applicability of this particular motion and the way it has been presented and will take into account all the points that have been raised to assist us in our deliberations.

RECESS

* (1100)

Mr. Chairman: I would like to call the meeting back to order, please. We took a short recess as we indicated we would to consider whether this motion was in order and correct. Due to the complexity of the motion and the length of the motion, I have decided to take the matter under advisement and will report back to this committee at the next meeting.

Hon. James Downey (Minister of Northern and Native Affairs): Mr. Chairman, I thank you for that and I think that is the proper thing to do.

Mr. Kozak: I certainly have no objection, particularly due to the complexity of the motion. This is an important matter, mature consideration is required.

Mr. Chairman: What is the will of the committee? The report we are discussing is the Provincial Auditor's Report for the fiscal year ended March 31, 1988. Shall the report pass?

Mr. Kozak: On a point of order, Mr. Chairman.

Mr. Chairman: Mr. Kozak, to the point of order.

Mr. Kozak: Would it be in order to pass the report of the Provincial Auditor before disposing of a motion that rests upon the Auditor's report?

Mr. Manness: Mr. Chairman, by all means, certainly the motion is standing before the committee. That can be disposed of whether or not there had been any reference to it in the Provincial Auditor's Report. That is a motion that can be considered on its own merit. So I would recommend that we move on with the passing of the report.

Mr. Chairman: I see some questioning, furrowed brows. Does that indicate a willingness to ask a question?

Mr. Kozak: I think, Mr. Chairman, that the Second Opposition may have some comments that they wish to make at this point.

Mr. Cowan: I am sorry, I was out of the committee for a moment but I was over listening to the discussion in the other committee on Manitoba Mineral Resources. Perhaps I could just ask for a brief update as to what transpired with the motion that was put forward recently and precipitated our short recess?

Mr. Chairman: Mr. Cowan, while the committee was assembling, the decision of the Chair was to take the motion under advisement due to its complexity and we will report back to the committee at the next meeting. The question on the floor is that the report—shall the report pass?

Mr. Cowan: Just on the process, when would it be expected that the motion be brought back before the committee?

Mr. Chairman: I understand that we will be able to report back to the committee at the next meeting.

Mr. Cowan: On the report on page 43, dealing with the Workers Compensation Board, there is a statement about three-quarters of the way down the page that "the Government," and I am quoting from the report, "has also indicated its intention to provide funding of \$16.4 million to the Board. This funding relates to foregone interest resulting from Government action in previous years in setting inappropriately low assessment rates."

Perhaps we could have an explanation as to what years are being addressed in this statement and why it is that they were felt to be inappropriately low when we had heard so much criticism from Members of the Opposition of the Day, who are now Government, and the business community that the rates were too high.

Mr. Manness: Mr. Chairman, firstly in response to the question, we accepted this recommendation out of the Stevenson Kellogg Review that was done on our assuming office and we accepted the rationale that Government was responsible for a portion of the shortfall and was responsible for a portion related to a Government decision from '83 to '87 as to the approved assessments versus the requested assessments coming from the Workers Compensation Board. The Government at the time saw fit not to fund the requested assessments. Indeed, they saw fit to fund a lower amount. We sensed, because that was a Government decision that the Government was responsible, for that contribution to the total unfunded deficit. It was on that basis that we contributed that amount of cash, I might add, to the Workers Compensation.

Mr. Cowan: So, in essence, the Minister is now saying that the rates from that period of time were not too high but in his opinion were too low.

Mr. Manness: I point out that these are interest, that there was a request from the board that the rates that they applied be actuarially higher and that the Government of the Day decided that they would not allow that to continue and this was the foregone, and what we have provided is the loss of interest on the loss of revenue.

* (1110)

Mr. Cowan: I understand what the Government has provided and that was not the question I asked the Minister. I asked the question of the Minister for a judgment on his part, now that he seems to have undergone some transitions over the past little while with respect to his approach to financial matters, a judgment on his part as to whether or not the rates that were being charged in that period of time, '83 and thereon, were in fact too low.

Mr. Manness: Mr. Chairman, obviously in the sense that we have written this off that we sense that there was a lower rate sought and approved by the Government and must be required.

I tell you in 1983 Cabinet—the rate requested by the Workers Compensation Board was 35 percent; the Government approved a 9 percent increase. In '84 Workers Comp requested 53; the Government approved

20. In '85 they requested a 70 percent increase in rates; the Government approved 20. In '86 they requested a 57 percent increase; the Government provided 20. In '87 they requested a 42 percent; the Government provided 20.

But we can all remember through all these years that the Provincial Auditor said that the Government was acting, or the Workers Compensation Board was acting, in contravention of its own Act. It was running a deficit.

So I do not know whether Mr. Cowan wishes to take a bouquet for their action or whether he wishes to recognize that the Government forced the Workers Compensation to be in contravention of its own Act. I do not know which side of the issue he wishes to revisit historically.

Mr. Cowan: I want to revisit the Minister's side of the issue because you know it is quite illustrative that the Minister, when he was in Opposition, had all the answers. At that time there was no doubt in his mind that the rates that were being charged employees in this province were much too high with respect to workers compensation. The rates indeed should have been lower and we are all familiar with his and his Party's criticism over a period of time as to what those rates were at any given time of increase.

Now, in keeping with his new philosophical approach in trying to fathom what the economic circumstances of the day mean, now that he has some information available to him and he has some responsibility to act in accordance with not only what he said previously but what is actually happening out there, we see him take a somewhat different approach. We hear, by the fact that they have provided that funding to the Workers Compensation Board, an admission on their part that in fact the rates were not high enough and that the Government of the Day was obviously trying to maintain a rate of increase that would over a period of time reduce the deficit and put the Workers Compensation Board back into the black but was not prepared to impose significant increases on employers at that time. So I think what is at odds here is the Minister's previous approach to this problem and his present approach, and I would like some explanation of it. We have grown used to the Minister over the last little while becoming quite philosophical about these matters, and I would like to understand a bit better what his new emerging philosophy really is.

Mr. Manness: What a foolish, ridiculous statement put on the record by the Member. In Opposition, our arguments were generic in basis. We said this - (Interjection) - and the Member can laugh. We said that the fees that were being directed towards the employers of this province were soon going to ultimately affect him to such a degree that combined with the other levies of Government that ultimately they would be non-competitive.

At no time did we ever say that the request by the Workers Compensation Board to the Government, at no time did we ever say that those requests for fees were not actual costs in support of what they saw coming as additional charges upon the fund, the

Workers Compensation Fund. Why would we say that? Never did we. We just said that the process of guaranteeing to workers a fund from which they can draw earnings at times when they were injured, that the whole system was being challenged and indeed was put into some jeopardy. That was the point we made. We never claimed that the Workers Compensation Board was not going to Government for the right rates, given the circumstances as they saw it.

Now we may have questioned whether the flow of benefits or the criteria around the flow of benefits was the correct criteria, and that is a philosophical argument. But once the former Government decided that they were going to provide benefits in certain ways, then it was obvious to anybody that the Workers Compensation Board was going to be coming to Government for rate structures that would not only allow them to recover as probably per their wish, but indeed as per the mandate of the legislation that said they could not run a deficit. Surely, there is a vast difference in that.

Now the Member talks about put back into the black. Can he explain to me how it is that his Government put back into the black the Workers Compensation Board when today, I believe, they have an unfunded liability in the area of \$185 million or maybe it is more. Can he tell me how, along his path of providing approved rate increases, they were ever going to put into the black that Workers Compensation Board?

Indeed when I was sitting in Opposition at this committee, I asked over and over and indeed Mr. Connery asked several times, under their path of putting back into the black the Workers Compensation Board, how many years it was going to take to bring that unfunded liability to a point where it fell into the legislation and that there would be no deficit in place. So the Member is purposely confounding these two issues.

The Opposition never in the past said that the rates requested by Workers Compensation Board were not what they needed in support of their philosophy, the former Government's philosophy, put forward by their criteria. Never did we say that. We just said that the way it was going, the system was going to destruct. That is what we said.

Mr. Cowan: I would ask the Minister how it is he feels comfortable in using the words "unfunded liability" at this time when in Opposition his Party consistently said that was an inappropriate description of the deficit, and those are their words.

Mr. Manness: The Member is right. We reacted with some disgust when Members of the former Government used the words "unfunded liability," and the word is deficit and I will use the word deficit. Today, Workers Compensation Board has a surplus of funds. But we do know that there will be claims for many years to come by injured workers and indeed pensioned injured workers who are going to draw down those funds to a point where we are led to believe that there is a deficit today. When you do an accounting today there is a deficit of \$185 million. That is just from memory. The number may be higher, I cannot remember.

* (1120)

Mr. Cowan: We have just seen a miraculous reincarnation of the Minister reverting back to language that they used previously, but he did not answer my question. Why is it he feels comfortable today using the word "unfunded liability," and he used it without any signs of discomfort, when in the past they reacted with, to paraphrase him, a horror at the suggestion that that was an unfunded liability, not a deficit? How ludicrous can they be? I choose that word because I do not want to use words that are unparliamentary like "hypocritical," but the fact is that what the Minister is saying today is certainly contrary to what he and his colleagues, including the Member who is now responsible for the Workers Compensation Board, said just a little over a year or two years ago. And why is it that he has suddenly come upon the revelation that in fact it is an unfunded liability and not the type of deficit that they attempted to portray when they were in Opposition? Were they trying to at that time portray something that really was not? Were they trying to scaremonger? Were they trying to confuse the general public? And now that they have the facts before them and a responsibility to at least be accountable for their own language that they are turning to the terminology that we used at that day, or was that the right terminology all along?

Mr. Manness: Mr. Chairman, it is a deficit.

Mr. Cowan: Is it an unfunded liability?

Mr. Manness: Mr. Chairman, if I may, in my view there is no difference. If there is not miraculous changes in the Workers Compensation Board in the manner in which it conducts its activities, that board will be put into a position of being unable to safeguard the interests of the workers in the future.

At that point in time, and if one wants to at that time measure that uncertainty, that is a deficit.

Mr. Cowan: Did I hear the Minister correctly when he said, and I think it was categorically, uncategorically, that in his view there is no difference between an unfunded liability and a deficit?

Mr. Manness: Well, Mr. Chairman, it is all a matter of timing.

Mr. Cowan: Yes, it is, and which side you sit on the House.

Mr. Manness: Not at all, not at all. I understand clearly the full meaning of the word "unfunded liability."

Mr. Cowan: Did you understand it two years ago?

Mr. Manness: Of course I did.

Mr. Cowan: Then why did you say what you said?

Mr. Manness: I have no hesitancy in saying so. So what argument, what battle do you want to re-wage?

I mean, where are you at, Mr. Cowan? Where do you want to go?

Mr. Cowan: I would like the Minister to be frank and truthful, and I am not implying that he was not being truthful in the past. I am implying that he was probably ignorant of the fact that an unfunded liability and a deficit are the same thing, when he took great horror, to again paraphrase him, to the use of the term "unfunded liability" when dealing with the needs of the Workers Compensation Board over a period of time.

I just want him to at least point out, or at least fess up to the fact that they did in the past either misunderstand or misuse the concept in order to either confuse the public as to what was really the problem or to agitate the general public against the previous Government by suggesting that when we called an unfunded liability an unfunded liability and they said that was not the appropriate term, as a matter of fact it was a term that should not be used, they were in fact wrong, and that they should at least have the courage today to say that they were wrong, either purposely or implicitly.

Mr. Manness: Mr. Chairman, not only were we not wrong, the horror that we showed at that time is still in place today because, under the workings of the Workers Compensation Board, indeed the reason the legislation suggested that they do not run a deficit is that there are employers who are not in place yet who will be called upon because of no actions of their own. Indeed, the employees that work for them through no fault of their own will be called upon in future years through their premiums under Workers Compensation Board to defray the costs associated with activities of employees and employers several years before. That is the horror because that is unfair.

That puts those new businesses that are to come into being in years into the future at a tremendous disadvantage relative to other businesses existing in other provinces, indeed in other countries. It puts our future businesses at a comparative disadvantage. The horror then was real, the understanding of the terminology then was real and the horror has not in any way dissipated today.

Mr. Cowan: Just so I understand the Minister then, he is saying because those basically what they were were pension benefits were not accounted for and were not being costed out at the present time that the situation was, in his words, a horror because future generations would have to pay for those benefits because they were not being costed out and paid for at the present time.

Mr. Manness: Sure, if the Member now is going to take it to the whole other question of pensions across the board and want to go back to the motion, I can see where he is heading. I mean it is as clear as the noses on our faces, but I say to him—

Mr. Cowan: That is unfair because my nose is larger and it is clearer.

Mr. Manness: Not at all, not at all. All the noses around this table are in good proportion, but let me say that

that was the horror in place at the time and it still is. It still is.

The Member, the former Minister, may believe that the former Government had some process in place whereby these liabilities, these deficits, some way were going to come into balance, certainly they did not leave that blueprint behind for our Government.

Mr. Cowan: So what action is the Minister going to take with respect to this horrible situation with the Workers Compensation Board?

Mr. Manness: Mr. Chairman, it is not my place to answer that question at this time. The Minister in charge of the Workers Compensation Board will give greater enlightenment with respect to how Government sees how it is going to try and see brought in balance, particularly the Class G Fund. There will be greater dialogue, there will be greater opportunity to dialogue that particular issue in due course.

* (1130)

Mr. Cowan: Well, no, I think it is at least partly the responsibility for the Minister to answer that question because if he looks at the report which is under consideration right now which is brought forward under his authority, he will find that in fact there is a strategy laid out on how to deal with that situation.

The strategy is, and I quote from the report: "The Government has taken certain action to address these concerns. An Implementation Team for Workers Compensation Reform was established in September 1987 to advise the Minister on matters relating to proposed reform recommended by the Legislative Review Committee. The Implementation Team expects to complete its work by early 1989, including overseeing the drafting of a new Workers Compensation Act for presentation to the Legislature." And then skipping on it says that the Provincial Auditor says that "We again recommend that action be taken as quickly as practicable to bring the activities of the Board into compliance with legislation and to adopt a sound fiscal policy for funding the board's operations."

So I would ask the Minister if that strategy is still in place.

Mr. Manness: Mr. Chairman, it certainly is. We have taken this request by the Provincial Auditor in combination with our own genuine policy desires to see Workers Compensation Board once again established on a sound economic and financial footing. We will be reporting, the Government will be reporting, in due course, to the Legislature and indeed to the Province of Manitoba as to how Government sees the ultimate solution to this horror story.

Mr. Cowan: We hear the Minister say, and I quote him directly, "that they will be taking action in due course." We see the provincial audit and report say that legislation is expected to be drafted for presentation to the Legislature by early 1989. We also see the Provincial Auditor recommend that action be taken as

quickly as practicable. Now we have either a difference of opinion as to the timing or, at the very least, somewhat different language. For that reason, I would ask the Minister to clarify exactly what is happening. In due course, in his mind, does that mean that legislation is now drafted and will be presented to the Legislature when it next sits?

Mr. Manness: Mr. Chairman, I will not make any specific comment on legislative matters or any of the financial plans. I will say that the Government will honour not only its own commitment but will honour the intent of the Provincial Auditor, and that there will be a statement made in terms of the time laid out within the Provincial Auditor's Report.

Mr. Cowan: Let me just clarify that because that was somewhat ambiguous. The Minister said there will be a statement made in terms of the timing laid out in the Provincial Auditor's Report. Is he saying that the timing, as suggested in the Provincial Auditor's Report, will be adhered to by the Government?

Mr. Manness: I am saying that we are striving to meet the time parameter put within the Provincial Auditor's Report, yes. We feel at this time that we will be able to meet that.

Mr. Cowan: My question, Mr. Chairperson, is to the Provincial Auditor, because following what was said earlier by the Opposition critic, it was indicated that when the Provincial Auditor makes a recommendation or writes something in their report it is usually done in consultation with the department.

I would ask the Minister if it was the Government, the department itself, that indicated to him so that this statement could be made and this recommendation put forward that legislation will be drafted by early 1989?

Mr. Jackson: I would refer that question to Mr. Singleton.

Mr. John Singleton (Assistant Provincial Auditor): In drafting this report we consulted with Members of the Department of Finance and

Mr. Cowan: I missed that last statement from Mr. Singleton, my apologies.

Mr. Chairman: Mr. Singleton, could you pull that mike a bit closer?

Mr. Singleton: To repeat my answer, and I hope this addresses the question that in preparing this report we consulted with officials in the Department of Finance and with officials at the Workers Compensation Board and so on in

Mr. Cowan: More specifically, were they the ones who advised you that the work, the drafting work, was expected to be completed by early 1989?

Mr. Singleton: That is correct, Mr. Chairman.

Mr. Cowan: Would the Provincial Auditor have any concerns if it was expected that work would not be

completed by early 1989? I ask that reason because the Provincial Auditor has brought this matter to the attention of this administration and previous administrations on numerous occasions. I expect that part of the reason for suggesting that action be taken as quickly as practicable was his concern that it had been an issue for some time and should be resolved and his assurance that it would be resolved by early 1989 with the drafting of new legislation.

Mr. Jackson: We would indeed be disappointed if the action plan that was in place then did not follow through and was not effective. It is our understanding that it is basically still on track.

Mr. Cowan: I would ask the Minister of Finance (Mr. Manness) if he can explain what changes have been made with respect to the compensation and the work of the implementation team, as was announced in a press release of not that long ago.

Mr. Manness: Mr. Chairman, I cannot give full answer to that question. I am not intimate enough with that whole process to be able to provide that information. I can indicate that the implementation team from the best of my recall is winding up or maybe already has wound up its activities.

Mr. Cowan: If the implementation team has wound up its activities, that would indicate that the legislation has in fact been drafted.

Mr. Manness: Mr. Chairman, I will not give comment to that because again I am not that close. It is not that we are stalling. In all honesty, I do not know.

Mr. Cowan: That seems to be a very major point in my mind. I appreciate perhaps the Minister cannot give answer to the question right now, but the Minister in the past has expressed a great deal of concern over this situation. The Provincial Auditor has expressed a great deal of concern over this situation.

There was in fact a process put in place by the previous administration which we would expect would have been followed through by the present administration, given their concern over this issue over the years. That process included the drafting of legislation by early 1989 by the implementation team. The Minister has now indicated that he believes the implementation team's work is substantially completed, and yet he cannot tell us if that legislation is drafted.

I think that, given his previous level of concern, he would want to know if in fact that legislation has been drafted before the implementation team's activities are wound down, which I suspect and have had confirmed by the Minister, is happening right at present. When can he tell us if that legislation has in fact been drafted?

* (1140)

Mr. Manness: Mr. Chairman, I guess the Member did not hear my last answer. I do not know. I have not been closely associated with this whole issue. I do know that Government will be making a statement dealing with

this issue and many others surrounding the future of the Workers Compensation Board. That is all I can say.

Mr. Cowan: When can we expect that statement?

Mr. Manness: Mr. Chairman, I cannot put a time to it. I know that the Minister responsible is spending a lot of time in preparation for it, and it will be sooner rather than later.

Mr. Cowan: Having watched the Minister in action when he was in Opposition, I am going to borrow a trick from him and ask him what he means by "sooner rather than later," because that was a question he often asked us when we used that language or language of a similar sort. What does he mean by "sooner rather than later"? Are we talking about a week? Are we talking about a month? Are we talking about six months, because we have seen this Minister give us some indication that he had an interest in this area? It may have lagged over the past little while because he has other things more predominant on his mind and he needs a bit of time for his philosophical musings to try to better understand the way in which the economic system is emerging all about him. But the fact is that, having had that interest in the past, he should at least be able to tell us or to find out when that legislation is expected to be drafted and when that statement is expected to be made.

Mr. Manness: Mr. Chairman, I will relay the request for that information to the Minister in charge and ask him to give a full response to that question to the extent that he can.

Mr. Cowan: Going back to the Provincial Auditor, Mr. Singleton, if he wishes, the wording in the report is very definitive but it does beg one question until one gets a further definition. The wording says very clearly: "The implementation team expects to complete its work by early 1989, including overseeing the drafting of a new Worker's Compensation Act for presentation to the Legislature." I would ask him what he meant. What was explained to him as being early 1989?

Mr. Singleton: Within the first quarter, which would seem to be early versus between the second and third quarter which would be mid, and the fourth quarter which would be late.

Mr. Jackson: It is my understanding that it would be in the first four months of 1989.

Mr. Cowan: I would ask the Minister then—and just before doing that indicate that we too will be disappointed if the Government does not take action in this regard. We expect the action to be progressive action that acknowledges the needs of workers for whom that system has been developed to protect. We have some concerns about what we believe to be a repeat of what happened from 1977 to 1981 and perhaps even 1976 to 1981 when rates were kept artificially low in comparison to what was happening in other jurisdictions.

In relative comparison and in some instances they actually dropped over that period of time when the

needs of the Workers Compensation Board were increasing, and that was a situation that had to be dealt with when the previous administration came into power and felt—and I think it was commonly accepted, at least by those who were intimate with the dealings of the Workers Compensation Board—that workers were being penalized with respect to their benefits because the Government was more concerned about the cost of Workers Compensation to the employers than the cost of being involved in a workplace accident or being a victim of a workplace disease by the employees. I believe that to still be the case, but time will tell.

I only suggest that given the rate increases or the lack of rate increases since the Government has taken power, one could assume that they are reverting back to their old bad habits. I want to ask the Auditor to explain in some detail a statement contained on page 43: "In particular, the Board is aware that the deficit reported in its 1987 annual report is significantly less than would be reported if accounting policies similar to the insurance industry were followed."

Perhaps you could explain that, and if you could indicate how much less it would have been had those policies been followed and perhaps, because it is not stated explicitly in the report, is he recommending that those policies be followed?

Mr. Jackson: I will ask Mr. Singleton to respond to that, Mr. Chairman.

Mr. Singleton: The Workers Compensation Board for many years has reported its deficit following a particular accounting policy, which was somewhat at variance with accounting policies followed by other Workers Compensation Boards in Canada and commonly in the insurance industry.

Essentially, what they had done was to establish an arbitrary percentage rate to use for calculating the ongoing for pension which is due to injured workers. This percentage, over time, became farther and farther apart from the rate of inflation in Canada and as a result if the actuaries were to make a calculation using the true rate of inflation of that estimated liability, the calculation results in a much higher liability than is shown in the financial statement of the Workers Compensation Board. It is my understanding that the board has decided to change that kind of policy in its annual report for 1988.

Mr. Cowan: So we do not know what that would be until that report becomes available? Is that the case?

Mr. Singleton: We will not know the exact number until the report is available. That is correct.

Mr. Kozak: I do not want this discussion on the operations of the Workers Compensation Board to terminate prematurely. It is something that we intend to raise at a later stage in this Estimates debate.

The Provincial Auditor has recommended that the committee, this committee, the Public Accounts Committee, selectively review departmental operations with appropriate senior departmental or agency officials

present to respond to questions raised by committee Members. I wonder if Mr. Jackson has in his experience in the operations of this committee seen that presence of those senior officials would benefit discussions on such crucial matters as Workers Compensation and other matters that we will be addressing as we get more deeply into departmental and agency operations.

* (1150)

Mr. Jackson: That is a recommendation that we have made for the last several years. It is made on the basis of our understanding of how certain other Public Accounts Committees use senior officials to the advantage of the committee.

The discussion that we have just had with the Workers Compensation Board may have been enhanced if arrangements had been made for a senior official of the Workers Compensation Board to be present to assist in this kind of discussion and developing further insight for the Members of the committee.

Mr. Kozak: Mr. Chairman, it might be desirable, given what Mr. Jackson has just said, given Mr. Cowan's concerns on Workers Compensation and given concerns that the Official Opposition intends to raise regarding departmental and agency operations that the Auditor General (sic) raises later in his report, to make provision by order of this committee for attendance at the appropriate point in this committee's deliberations by senior staff and officials of the departments and agencies in question.

I wonder if the Minister of Finance (Mr. Manness) could suggest to us whether such an arrangement could be practical.

Mr. Manness: Mr. Chairman, I know what it is that the Member is seeking but I question how many committees do you want to bring the Workers Compensation Board before? They are called, I understand, before another standing committee of this House where every one of these questions can be posed to their senior officials. So Oppositions have an opportunity to direct these very real and legitimate questions at that time. Now, if the Member is asking that there also be another opportunity under another standing committee of the Legislature, I really question whether we should go through that exercise twice. I am not putting down the legitimacy of the questions or the concerns. But my goodness, it calls into question redundancy to some respect.

Mr. Kozak: I appreciate the Minister's answer and his feelings on this matter. I raise this question because this precise matter has been a point that the Provincial Auditor has repeatedly raised over the years that is obviously of concern to himself, his colleagues, and his office in general. I would ask Mr. Jackson if he feels that such a procedure would in fact entail unnecessary duplication in terms of other opportunities for questioning available to Members of the Assembly.

Mr. Jackson: Mr. Chairman, it is my understanding that the Public Accounts Committees of Canada have

been meeting over the last several years in Canada on a central basis to try and work out what might be the better approach so that their committee could be as effective as it might be in the circumstances of each jurisdiction. It was my understanding that a report, draft though it be, had been prepared for discussion at their committee meeting last year and that the Members of this committee had been given copies of that.

One of the recommendations, I think, that is contained in that, which is also contained in our report, is that there be an opportunity for the purposes of this committee, which is somewhat different than most other committees in that it relates to the final accountability on the part of the Government to the Legislature, might have the opportunity if there is perceived to be a need to call before it Deputy Ministers or CEOs of Crown agencies as might be the wish of the committee.

We have thought that there may be some benefit in that so that the committee Members can better understand certain administrative difficulties that either a department and/or a Crown agency might be encountering that are not as readily understandable without a better presentation being made.

Also, it is my understanding that this has worked to advantage in other jurisdictions, in that sometimes senior executive officers come away with a different perspective as to the expectations for accountability that are really placed on them through the legislative process.

Mr. Chairman: Excuse me, Mr. Kozak. Did you still wish to ask a question, Mr. Cowan?

Mr. Cowan: On this issue, yes.

Mr. Chairman: On this issue. Mr. Kozak.

Mr. Kozak: Thank you, Mr. Chairman. I certainly appreciate Mr. Jackson's comments and the earlier observations of the Minister of Finance (Mr. Manness). The Minister of Finance of course in a previous meeting of this Public Accounts Committee when he was in Opposition, notwithstanding his present observations, moved: "that the role of the committee could be strengthened by requesting senior department and Crown agency officials to appear before it." I wonder if the Minister would suggest to us what would account for his change in view over time.

Mr. Manness: Mr. Chairman, I have no change in view. If the Opposition says this is the forum in which they want to discuss the financial matters of a Crown and they say this is the one that they want to zero in on, as compared to the other standing committees that deal with the Crowns particularly, then let us devise a plan that this becomes the forum. I am saying, let us not do it just for the sake of economy. Let us not do it twice. So if the Members are saying they would prefer to do it in this committee, let us develop an approach in which it is done so.

Mr. Cowan: I would just ask one question if I could. It is: what other standing committee currently reviews

Workers Compensation Board activities? To what other standing committee does Workers Compensation report or, so that the question is very explicit, to what other standing committee does the Annual Report of Workers Compensation go?

Mr. Manness: Mr. Chairman, I made my statement as one in response to a question that sought of all Crowns, and that was the basis in which I responded.

Mr. Cowan: No, no, no, the Minister should listen to what he says. He says that Workers Compensation Board currently is reviewed by another standing committee, and he used that as a reason not to have the staff here when it is being reviewed by this committee. He was very explicit and very, I think, concrete and very confident in his statement. I am just asking him to which standing committee does the Annual Report of Workers Compensation now go?

* (1200)

Mr. Manness: I will find out that information for the Member.

Mr. Cowan: Just on a point, perhaps in the future he should find out the information before he makes a statement.

Mr. Manness: I think I am too accommodating at times. If the Members will tell me who it is that they would like to be brought before this committee that they sense they do not have an opportunity to pose questions to in other committees, then give us a list. To the extent that something can be worked out and that we are not plowing completely new ground, I will certainly give it consideration.

Mr. Kozak: Not to belabour this at too great length, Mr. Chairman, I would point out that in Opposition the Minister's motion went a bit further than I summarized it a few moments ago. The motion went on to provide that the Standing Committee on Public Accounts formally request the attendance at the next sitting of this committee of the following: Mr. Silver, President, MPIC; Mr. Robertson, Chairman of the Public Utilities Board; the Deputy Minister of Community Services; and the Deputy Minister of Health.

It is fairly clear that the Deputy Minister of Community Services and Deputy Minister of Health would, barring circumstances that I am not aware of, have been present to answer questions during the Estimates. I would ask the Minister if he feels that the motion he made in that Public Accounts meeting of January 26, 1988, in fact was a call for duplication.

Mr. Manness: No, the essence and the fundamental reason for that motion dealt primarily with Government departmental overruns and the fact that I sense that the Minister of Finance, my predecessor, had to sit here and explain why it was in response to questions posed by Members in the Opposition such as myself at that time.

The Minister of Finance had to sit here and explain why some departments were overrunning the budget

that they had been given concurrence by all Legislature to spend from. I was of the view that maybe departments should come forward either by their Minister or their Deputies to explain why it was there were overruns from the legislative authority granted to them by the Legislature. I say I am still of that mind. That was the essence of that motion made.

Mr. Kozak: I would note and in fact express thanks to the Minister of Finance (Mr. Manness) for having circulated on January 16, 1989 a publication entitled "Guidelines for Public Accounts Committees in Canada" that in fact talks at very great length through its many pages about the expanding role of Public Accounts Committees across Canada. This publication is very consistent with this year's remarks by the Provincial Auditor in which he recommended changes to improve the effectiveness of this Standing Committee on Public Accounts.

In addition to the point I raised earlier that outside evidence be sought from particular departments and agencies, the Provincial Auditor this year recommended that the committee meet on a more timely basis. He recommended that the outline of questions to be raised at committee meetings be distributed in advance. I would suggest, Mr. Chairman, and direct to the Provincial Auditor the question of whether he would agree that this committee has work to do in terms of his recommendations as to developing its mandate and operating procedures in the immediate future.

Mr. Jackson: The question really, probably, should not necessarily be put to the Provincial Auditor. It may be better directed to each of the Members around who are serving as part of this committee at this point in time.

I can only say that from my experience in relating to the members of Public Accounts Committees from other jurisdictions, they seem to be wanting to be a little more pro-active, have a better grip on what their mandate and purpose is and be able to do a more thorough job than perhaps this committee has been able to do in times past.

There is a disadvantage to this committee at this point in time because there is no representation, due to circumstances at the meeting of the last members of Public Accounts Committees in Canada.

One of the things that I might point out was whereas Manitoba has sent one representative, generally the chairman of this committee, to other sessions of the Public Accounts Committees meeting in Canada, most other jurisdictions sent at least two, one being the chairman representing the Opposition, but at least one other Member representing the Government so that both sides would have a firm understanding as to the intent of Public Accounts Committees across Canada and the progress being made.

Mr. Kozak: I have one further, very short, question. I understand that the Second Opposition Party has certain questions that are urgent to them, so I will not belabour this final question for the moment.

The Provincial Auditor, in the report under consideration, states and I quote "to assist with

developing a better understanding of where Manitoba stands, the Chairperson of the Public Accounts Committee was requested to provide a written report regarding the mandate and practices of Public Accounts Committees across Canada. This would provide useful input into decisions regarding how the committee should function in the future to effectively discharge its mandate. We recommend that this matter be pursued."

I might ask Mr. Jackson if he has had communication with the present new chairman of the Public Accounts Committee to set this process in motion.

Mr. Jackson: As the chairman well knows, the chairman met with representatives of the Provincial Auditor's office to discuss progress in background material, re other jurisdictions and their Public Accounts Committee approach to things across Canada. As many jurisdictions as there are, there is a uniqueness in approach for each one of them. At that meeting, I believe the chairman mentioned both his Party and the Government side were showing interest in working to clarify the mandate of the committee and perhaps work to have it more effective.

Mr. Kozak: The Official Opposition has exceptional confidence in the Chair and we are certain that future discussion will proceed on this matter. I would like to terminate my questioning for the moment at this point.

* (1210)

Mr. Cowan: I thank the Official Opposition for allowing us to pursue this point for a few moments before the committee adjourns today. I have asked them to be able to do so because I think it is a matter of some urgency and not knowing when this committee will have an opportunity again to review it, I would like to ask the Provincial Auditor to undertake some work immediately with respect to this special request. Under The Provincial Auditor's Act, the legislation which governs his activities, Section 13(5) allows for the Provincial Auditor to make a special report to the Assembly on any matter of pressing importance or urgency that in his opinion should not be deferred until the presentation of his annual report and each special report made under that subsection shall be delivered to the Speaker of the Assembly who shall lay it before the Assembly forthwith and upon receipt thereof and where the Assembly is not in Session when he receives the special report, the Speaker shall forward copies thereof to the Members of the Assembly.

Perhaps this matter can be dealt with without that special report being necessary if the Minister of Finance (Mr. Manness) could indicate to us now when he anticipates the Assembly will be back in Session.

Mr. Manness: Mr. Chairman, that is a matter for the Government to decide. That decision has not been made. When it is, the Premier will report.

Mr. Cowan: So the Minister is indicating that he does not know when the Session will be reconvened. The Government, in fact, does not know when the Session will be reconvened. No decision has been made yet,

but once that decision is made we will receive a report as to the timing. Is that the case?

Mr. Manness: Mr. Chairman, I am not indicating that I do not know when the Session will convene. I am saying that the Premier will make the announcement as to when the Government has decided that it will come in.

Mr. Cowan: Perhaps I misunderstood what the Minister said, but I thought I heard him say that the Government has not yet made that decision. Is that the case?

Mr. Manness: Publicly we have not made that decision.

Mr. Cowan: Have they made that decision internally?

Mr. Manness: Mr. Chairman, this is the Government's prerogative and a Cabinet—a critical point like this—the Member knows fully well that it is the Government's prerogative to make that decision. It may have made that decision, it may yet have to make that decision. That is not at issue. What is at issue, once the decision is made, it will be announced to the people of Manitoba by the Premier of this province.

Mr. Cowan: If the Government has made that decision, it is regrettable that they made it without consultation with Members of the Official Opposition or the Second Opposition Party as was done the last time around. That will become an issue this time much more so than it was the previous time. One can forgive them a mistake when they are inexperienced and when they are not quite certain how to proceed, but they do have some time now during which they should have learned a number of lessons, one of which is if one is going to make a decision as to when the Session starts, in a minority Government situation, it would be appropriate, if not just a courtesy, but it would also be important to the Government to do that in consultation.

So, if the Minister is indicating that decision has been made, then I regret that it was made without consultation, but the fact is we cannot get any information from him or any idea from him today as to when the Assembly might meet, and that makes my following suggestion even that much more urgent.

We have recently heard the Minister talk about the benefits of the sale of Manfor to the province generally. We know that the sale of Manfor includes a fair amount of revenue-related matters. We know that the Provincial Auditor in the past has taken interest in Manfor and, indeed, it is a part of his annual report under the general heading of agency operations. He even indicated in last year's report that he was aware that the Government was pursuing the divestiture of Manfor Ltd.

I would ask the Provincial Auditor if he would be prepared to make a special report to the Assembly on the impact of the divestiture of Manfor on the provincial books and on the provincial Treasury as a result of a deal which was announced by the Minister just last week, and one on which we have very little concrete information because either the Government is

proceeding along with this divestiture without knowing what that information is or is unwilling to share it with the general public right now. This is an important issue and one that it is important come under full public scrutiny. It is an issue, when the deal has been consummated and signed and sealed and delivered, there is very little that the Government can do and very little that the general public can do to correct any mistakes.

We have seen this Government or at least a previous Conservative Government make some incredible mistakes with respect to the development of Manfor. We do not wish to see those pursued. We are also quite nervous about this Government and its dealings with big business, given its historical approach and given the approach of Conservative Parties historically across the country. We have seen similar types of divestitures in other provinces by Conservative Governments turn out to be quite sour. We have seen extreme criticism of those divestitures.

What we would like to do in this instance is ensure that we do not suffer that same fate because this particular divestiture has not been given the full public scrutiny that is required for it to be well understood by the general public.

Given that the House is not in Session, given that we do not know when the House may be in Session, we have only a few options available to us to examine this particular deal. One of those options is for the Provincial Auditor, as per Section 13, Subsection 5 of The Provincial Auditor Act, to undertake a special report which would then be presented to us in the House if we were so assembled, or would be presented to each of the Members of the Assembly if we were not called back into the House. So I would ask the Provincial Auditor if he would be prepared to entertain a report of that nature.

Mr. Jackson: Mr. Chairman, one of the responsibilities that the Provincial Auditor is charged with is determining whether or not there are appropriate systems in place to preserve and protect provincial assets. One of the things that we do as a matter of course in the audit work that we do is, when the province acquires things through its regular purchase procedures, we review systems in place to see that those systems look appropriate to preserve and protect provincial assets.

As a matter of interest to this committee, a decision has already been made that part of the Provincial Auditor's projects that will be commencing forthwith is a review of the sale of Crown assets to the private sector to assure ourselves and the Legislature that in fact there is an equally suitable system in place so that there are adequate tender procedures and appropriate documentation so that Government officials are assured that they have received the best offer through an appropriate tender process. That process is already started.

Mr. Manness: Well, Mr. Chairman, I want to comment for a moment. I cannot believe the hypocrisy that the Member exhibits in asking for that point. It is almost nauseating, Mr. Chairman, I must confess.

Mr. Chairman: Mr. Cowan, on a point of order.

Mr. Cowan: On a point of order, I would ask the Minister to withdraw what is standardly accepted to be unparliamentary language, unfair and untrue language in this instance as well.

Mr. Manness: Mr. Chairman, I—

Mr. Chairman: On the same point of order?

* (1220)

Mr. Manness: No, I will defer to the Member and say that he was not practising hypocrisy. It appeared to me though that there seems to be some difference of views as to his statement, his request, and indeed the actions practised by he and his colleagues a few years ago.

There was divestiture of Flyer Bus. We pleaded with somebody, went on bended knee, and gave them \$10 million to take it off our hands. I do not remember, Mr. Chairman, being asked or indeed having any of my colleagues being asked to be part of the negotiation team before that deal was closed. Maybe an invitation was extended. I do not recall it.

Similarly with respect to Limestone, I do not recall having been asked to negotiate with Northern States Power leading to the development of the Limestone plant.

Mr. Chairman, we were elected. We were elected to govern and make decisions. We were elected on the basis that we were going to divest of ManOil, of Manfor and also the General Division of MPIC. On that basis we were elected. We welcome the scrutiny of the Provincial Auditor to look into the process that we practise with respect to the divestiture of Manfor, and indeed of ManOil, because in my view they were exemplary in every fashion.

With respect to Manfor, did the former Government call upon us to help with the divestiture of Manfor? Of course they did not, as we do not call upon them. Today we do not yet have a signed deal. It is not consummated, to use the words of the Member for Churchill (Mr. Cowan), but let me say fully that we will disclose either before or after the closing date the broad principles associated with the sale and would be very proud to do so, that we will move into fair detail with respect to the sale, but we will not be put in a position of having to explain the deal to the nth degree to a point where indeed it ends up being for whatever reason, pretended, accidental or otherwise, becomes an issue and frustrates this deal because it is a good one. And yet we will enter into open dialogue on it and look forward to doing so.

Mr. Cowan: It may well be a good deal. If it is a good deal, then the Minister should have absolutely no concern about the deal being reviewed by the Provincial Auditor before it is in fact signed, sealed and delivered.

Mr. Manness: That is where the Member is wrong. We are elected to make those decisions and ultimately the

people of Manitoba will decide whether or not we have made good decisions. It is not for the Provincial Auditor to pass judgment on those before the deal is struck. If that were the case, then I would invite the Provincial Auditor with the concurrence of all Members of the House to have been part of the negotiations, not at the last moment but indeed through all the negotiations and that is not the way the process works.

Mr. Cowan: Now, let us be very clear. We are not asking to be a part of the negotiations. We are perfectly prepared to allow the Government to handle the negotiations on their own. We recognize that there are stages of negotiations where certain matters cannot be discussed publicly but, for goodness sakes, there should not be stages of the negotiations that would be closed to the Provincial Auditor.

The Provincial Auditor is privy to all sorts of confidential information on an ongoing basis and has never in fact betrayed, to my knowledge, any of those confidences and in my opinion we would not be suggesting he do so in this instance. But what we would ask him to do, and I appreciate the fact that they are undertaking to use the Minister's terms in other areas, a generic review of the sale of Crown corporations. I think that is important; I think that is good.

But what we are asking the Provincial Auditor to do at this particular time under Section 13(5), because this is a matter of pressing importance and urgency, is to undertake a special report. That special report can provide us with an overview. If at the end he said this is in fact a good deal for Manitoba based on all standard accounting practices, based on all the practices of divestiture that have been incorporated over the years or even some new ones which help the process work better, then I think we would be prepared to wait until the deal was consummated to look at the particular details at that time.

What I am asking for in this request before the committee is for the Provincial Auditor to undertake a special review at this particular time and he can provide that information directly to the Minister. I believe that the Minister would want to have that information available to him, because the Provincial Auditor's viewpoints are important viewpoints in a matter of this nature and ones which should be considered.

But I also think it is important that there be someone other than the Government itself reviewing the details of this deal before we are so far along the deal that we cannot deal with any mistakes that may have been made, and this is not a perfect Government. My goodness, they have proved that on so many occasions that we should not have to suggest that to be the case. They like any other Government have made mistakes from time to time. They could make mistakes on this divestiture.

I do not know if they have or not, quite frankly, because we do not have information and that information is not being made available to us. But the fact is that information should be available. Otherwise the Government has proceeded far along the path without being able to fully contemplate or understand

or analyze whether or not it is a good deal. So they have to have the information available that would allow them to make a determination as to whether or not this is a good deal for The Pas, whether or not this is a good deal for Swan River and the surrounding areas, whether or not this is a good deal for the province as a whole. I think that is self-apparent.

The Provincial Auditor at this point in time, upon recommendation of this committee or upon his own recommendation—as a matter of fact, in this particular instance, my reading of the legislation is that we could not direct the Provincial Auditor to make this report. We can only request that the Provincial Auditor undertake this review and make a report.

But I would think that he would want to do that in a detailed fashion so as to fulfill his role not only to safeguard the provincial assets, or to use his wording exactly “to ensure that there is an appropriate system in place to preserve and protect provincial assets,” but to ensure that in this particular instance there is an appropriate system in place as a safeguard and as checks and balances on the Government to ensure that Crown assets, which in essence have an impact on the provincial Treasury, are preserved and protected through a divestiture of this sort.

So that is what we are asking. We are not asking to be involved in the negotiations. We are not asking to have details brought forward that might jeopardize the negotiations. We are not asking to be advised as to all the dotted “i’s” and crossed “t’s” or, as the Minister said, all the details to the nth degree. What we are asking be put in place is a review which will result in a special report, which in fact would protect third-party information and confidential information by the Provincial Auditor that would be presented either to the Session or presented to the Members.

We would not make this request if the Minister could be a bit more forthright about when the Session is going to be reconvened or even if he could be a bit more forthright as to whether or not the decision has been made because, as I indicated earlier to the Minister, if in fact the decision has been made by the Government as to when we will come back into Session, I can tell him if he was not aware of it that decision was made without consultation with either of the Opposition Parties. That is the way it was last year and it was wrong last year and we were willing to not make a major issue out of it, although we expressed our concern and criticism, because of the inexperience of the Government, but the Government should no longer be that inexperienced or no longer that insensitive to the minority situation in which they find themselves. It does require a bit of cooperation.

I said earlier, I regret that the Minister cannot be more forthright about when the Session is going to reconvene. We have asked for the Session to be reconvened so this matter can be dealt with in the Session. We think that would be the most appropriate way, and we will continue to press for the Session to be reconvened because we think not only is this an urgent matter and not only is this an important matter that needs to undergo public scrutiny at the present time, but we believe there are a lot of other matters

that are equally important and should be brought before the Session. We believe the Government should be prepared to be accountable in the Legislature for the decisions that they are making in-between Sessions when we cannot undertake the scrutiny that Opposition Parties are able to do when the House is sitting.

We do not have that ability available to us at the present time, and that is why we are asking the Provincial Auditor to use his power, and again it has to be in his opinion, to undertake a special report. We would be prepared to indicate to him that if he thought there were certain matters contained within that report that were confidential and certain matters which might jeopardize the negotiations to hold back on those matters in a public fashion, but certainly would expect him to report any concerns that he had to the Government before they had signed the deal.

I note that the Provincial Auditor in the past has retroactively looked at divestitures of different Crown corporations, and we think that is an important function as well. But when one has the opportunity, as they do in this case, where it has been announced that a deal is imminent, that there has been agreement in principle reached, that the Provincial Auditor be a part of the team that the Government puts together to ensure the deal was in the best interest of Manitobans. We are concerned about the fact that we have not gotten any comprehensive overview of what is contained within this deal or what is not contained within this deal.

I can tell the Minister that there are a lot of serious questions that are being asked in the communities, that are being asked of the MLAs, and I am certain being asked of himself and his Government colleagues as a result of his announcement the other day.

If he was not prepared to provide at least a bit more information as to the overview of the deal, then perhaps he should have awaited announcing it until he had that information available to him. The fact is that the announcement has been made. The fact is, as he indicated, they are working on a deal right now and the fact is that in the past no matter which Government has been in power, no matter which jurisdiction we are talking about, deals of this nature have in fact been made which contain mistakes that could have been avoided had there been a comprehensive overview of the situation by Provincial Auditors and had there been an opportunity for more public involvement and public scrutiny of a particular deal.

That is why under Section 13(5), we ask the Provincial Auditor to review this matter. We are not going to suggest that he should be able to provide us an answer right at present, but I would hope he would be able to provide us an answer within the next few days as to whether or not in his opinion, and that is the criteria and the driving force behind this section, a special report should be made because there is a matter of pressing importance and urgency.

We do not have the emergency debate mechanism available to us which we would have in the House. We do not have Question Period available to us which we would have in the House, and we do not have the Estimates available to us which we would have in the

House. All we have are these committees and the mechanisms that are already put in place to protect and preserve provincial and Crown assets and we would ask that they be used in this fashion.

I want to reinforce the fact, if in reviewing that material the Provincial Auditor thought that there were matters that in his opinion should not be made public until the deal was consummated, we would be prepared to agree that that information should be made available to the Minister and that in a documented form and if the Minister chose to ignore it, that would be his or her business at any given time. Then we would see, after the fact, the recommendations that were made by the Provincial Auditor with respect to the details of this deal. This is an important deal. It is one the Minister does not want to blow, it is one that the Government should not want to blow, it is one that we do not want to see mishandled and we want to see the Provincial Government have all the help possible and that is the basis for our request at this time.

Mr. Manness: It is very obvious to me that the NDP are caught in quite a dilemma on this. They have the Member for The Pas (Mr. Harapiak) saying in essence it is one of the best deals going, that the people up there are ecstatic, and then of course they have their other Member, supposedly the official spokesperson, Mr. Storie, call it a colossal giveaway. So here we have Mr. Cowan trying to moderate and somewhere walk the middle between those two extreme views.

Mr. Chairman, it is well known, certainly well known to the Liberal Party that we are prepared to discuss elements, significant elements, of the Manfor sale purchase agreement that the Government has entered into with Repap Enterprises of Montreal. That will be done in committee, that will be done shortly, I would say within the space of three weeks and maybe even next week. As a matter of fact, I understand there is some—it may even be done next week, Mr. Chairman. That will be done before I imagine this committee sits

again or certainly before this committee winds up its activities.

If at that time the Member for Churchill (Mr. Cowan) feels that there still is reason for the Provincial Auditor to report, by all means, he will make that request again. I will say quite honestly the Provincial Auditor will have access to the process, will have access to the deal. If he finds anything untoward, anything that disturbs him, naturally under that particular provision within the legislation, he will make a judgment call at that time as to whether or not he reports.

That is his decision. That is not influenced by the Government or indeed by the Minister of Finance. He is called to do that if in his view there is something to report. But, Mr. Chairman, for the Member to indicate that at this point I include the Provincial Auditor and to look at the deal before ultimately we sign the deal I think is incredulous. I cannot hardly believe that.

Some of us have spent literally months through this process trying to understand that countless numbers of issues, understanding the industry, to get a feel for what was behind the proposals, the unwritten aspects of the proposals that have come forward for a number of people, that is a subjective judgment call. If the Member for Churchill (Mr. Cowan) is indicating that the Provincial Auditor should be subjected to that and in the space of 30 days come forward and try to give us greater guidance, Mr. Chairman, that is totally unfair to the Provincial Auditor. That is incredible that the Member would even ask for something like that.

With respect to disclosure, certainly we will share major elements of the agreement with the Opposition Parties and quickly, certainly.

Mr. Chairman: The hour being 12:30, what is the will of the committee? Committee rise.

COMMITTEE ROSE AT: 12:30 p.m.