



Legislative Assembly of Manitoba

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

Chairman

**Mr. D. James Walding
Constituency of St. Vital**



Friday, June 8, 1979 10:00 A.M.

**Hearing Of The Standing Committee
On
Public Accounts
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Time: 10:00 a.m.

CHAIRMAN: Mr. D. James Walding (St. Vital)

R. CHAIRMAN: Order please. We have a quorum, gentlemen, the committee will come to order. I would refer the attention of honourable members to Bill 2, Page 2. We are on Section 8 of the Act, 10(f).

R. CHERNIACK: Mr. Chairman, we adjourned yesterday, just as I wanted to make a statement, but Mr. Craik said that he would have to be convinced that there is validity in removing it, and I was out to try, and we adjourned. So I'd like to try now.

We amended 8(1)(1) to read that the Minister may make such entries as he considers necessary to show the accurate financial condition of the government. That's the important thing in Public Accounts, to show the accurate financial condition of the government.

Section 9(c) of the present Act, which is not being changed at all, or proposed to be changed, reads "the Minister shall prepare accounts showing (c) such other accounts and matters as are required to show what the liabilities and assets of the government are at the end of the fiscal year, in respect of which the Public Accounts are prepared."

As I understand it, Mr. Chairman, all the additional schedules and all the material that we are accustomed to seeing in Public Accounts are designed to give a clear picture of the accurate financial condition of the government, and under 9(c) the Minister is expected to show such other accounts and matters, Mr. Chairman, matters as are required to show what the liabilities and assets

Now, the reason I objected to (f) and you may recall, Mr. Chairman, I didn't object to (f) initially until after we had started to discuss it and consider the ramifications, was the words, in 10 (f), "such other statements as the Minister deems necessary". Now, bearing in mind that we are passing an Act which may be in existence for years and years and years, through successions of Ministers after the other, I think that there should be a definition and parameters and restraints on the content to which there can be other statements as the Minister deems necessary.

The example I could give, is that when the Budget is presented, there are all sorts of additions, amendments to the Budget which aren't even read in the House, but they are there, they are published, they are distributed, and there you will find — and I don't know whether I started it or whether I copied what my predecessors in Finance Ministry did — but we would have copies of certain speeches which we thought were important, or briefs that we had presented, let's say, at a federal-provincial meeting which were both self-serving and political as is a budget document — a budget document is a political document.

I think that there should not be any indication of the possibility that a minister might deem it necessary to include, let us say, an extensive brief which he prepared for presentation to a meeting of the federal-provincial ministers, or indeed the Budget Speech itself, or indeed the speech he made to The Trades and Labour Council to indicate what changes there would be had certain suggestions been proposed.

And therefore, I think that the minister should have the opportunity in Public Accounts to give, under 8.1, what he considers necessary to show the accurate financial condition of the government; and in 9(c), such other accounts and matters as are required to show what the liabilities and assets of the government are, or anything else that deals with an accurate presentation of assets, liabilities, debt but not such matters that could have political overtones which do not, in my mind, belong in Public Accounts. I think (f) which is not needed to show the full picture because we have all of 10 and these other sections I referred to enabling the minister to show the full picture, seems to have broadened it to such an extent as to make it possible to include all sorts of political statements in the Public Accounts.

Now I say that, Mr. Chairman, in the hope and expectation that one of my colleagues on our

side of the House will be a minister, and I don't think he should have that right either, to put statements that are not confined to an accurate presentation of the financial condition of government.

That's my point. I don't think (f) is needed to do that, but I think that (f) is an invitation to that and I think that since it's not necessary, it should be deleted.

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Mr. Chairman, I think first of all, and probably all that needs to be said, I hope I Mr. Cherniack . . . neither he nor his colleague are the minister, but if that occurs I would object to them having that clause and I think that's the difference.

The intent of the clause (f) is not to turn the Public Accounts into a political document. It is the Budget, that is bound by tradition the patterns of the two; the Public Accounts are the financial statements of the Department of Finance which are examined and commented on by the in and examined by both the Auditor and by the Members of this Committee.

I just fail to see why anyone would want to restrict a comment by the Minister of Finance, who he may be, on the matter that involved the financial statements that he may wish to make, I think if you try and write it more tightly then it gets to be a bit too far.

I really fail to see that this particular item is one of any great significance, but I can't imagine why we would spend time trying to say that the Minister of Finance, the democratically elected person to head up the department, should be somehow restricted from saying something removing this, whereas you would bend over backwards to make sure that the Provincial Auditor had every provision to do it. I think it's a fundamental denial of the whole democratic process try and put in prohibitions against a duly elected Minister, not this Minister, but any Minister felt that something had to be said. I'm not too sure what would come up. It might be a discussion of a contingent liability that required extra comment and I think that that's what it's primarily intended for, but it may be expanded to other things; it would be for the portrayal of the financial information for the year-end statement to the people of the province, and I think probably a lot of license has been taken in the past already without the statement being in there. I see absolutely nothing about it being an innocuous statement that says that the Minister can do probably what he's already been practising in past years, if he felt so inclined to do it anyway.

MR. MILLER: Mr. Chairman, I don't doubt in my mind that Mr. Craik would not take advantage or abuse this particular clause, but let's realize that this is a clause that was not in there before. By including it, it's an invitation to a future Minister to put in not matters dealing with assets, liabilities they're actually what you find in Public Accounts, you know the dry facts, but the temptations sometimes, by some Minister some day to include some editorializing. And although he could probably do it even under the existing Act, because it doesn't prevent it, although it does require that the matters are required to show what the liabilities and assets of the government are. It limits it.

But this statement goes beyond that. It talks about whatever the Minister deems necessary, if you're dealing in public accounts, I don't think public accounts any editorializing should include no matter who the Minister is. By including this clause, as I say, it introduces for the first time almost an invitation. If it was done today then somebody could say, well why did you put it on what grounds? After all you're supposed to be dealing in assets and liabilities, and the nothing to prevent you from doing otherwise, but there's really nothing which says you can do by including this clause, (f), that whatever statements the Minister deems necessary, then broaden it far beyond what it is now to where, as I say, a Minister could decide to do some editorializing and he could do it quite properly if this clause is included. Now, I recognize, and I'll accept that Mr. Craik wouldn't do it. I think he has enough understanding of Public Accounts, and enough respect for the tradition of Public Accounts not to do it, but we're not amending this Act for today's long range, and the inclusion of this invites, and then makes it not only possible, but in a sense something that one can't argue about if it occurs that you get the inclusions, appendices, schedules which are editorials, and which are really therefore political documents rather than factual documents of assets, liabilities and explanations that deal with assets and liabilities. So I would ask Mr. Craik to reconsider seriously whether in fact this should be included, and whether he really needs the function adequately.

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Mr. Chairman, perhaps just one comment, and then I'd like to ask whether the Provincial Auditor has any reservations or comments about (f). There isn't any particular item

ould be commented on that I can name, but I could maybe suggest one that might come up. For instance, on the treatment of foreign debt, if to meet SEC regulations there has to be a statement in accordance with that FASB8 that they use in the United States, and if the CICA in Canada comes up with another formula, I can foresee a paragraph in here saying that the debt that is shown is book debt. The debt is also shown at March 31. And then you want to perhaps put in a statement and say, in the United States the practice is to use FASB8, and since we have securities that we deal in in the United States, that we might indicate what their practice is so that they know. We might also say that as of such and such a date, the CICA has brought out a certain formula for amortization of the foreign debt exchange losses, but that governments are not bound by this, and we have not adopted this because governments are not bound by it, but on the other hand, the Crown corporations will have to be bound by it if that becomes reality.

Now, and I'm not suggesting it will, but with those kinds of changes that are being talked about, would seem to me that it would be a bit erroneous to assume that a Minister could not make a statement. Now, it isn't a financial statement; it's not an editorial statement; it's the imparting of information that shows the various ways in which things may be treated, and why, and that's the only one I can think of offhand that might come to pass at some future time, if all of these things become the practices for corporations in Canada and the practices in some of the areas here we have to deal in the United States.

Other than that, that's the only one I can possibly think of. Certainly, nobody's talking about putting in a budget type of statement, but perhaps Mr. Chairman, in due course we can ask Mr. Ziprick whether he has any concerns about this.

3. CHAIRMAN: Mr. Miller.

3. MILLER: Well, perhaps I could wait for Mr. Ziprick.

3. ZIPRICK: I don't foresee any concerns. Now if there was a statement of the kind that is mentioned by Mr. Miller and Mr. Cherniack included, obviously the auditor would have to disassociate himself from that kind of a statement in his report, so that would be understood. But, as this is long-range, I don't know what could come up, but I'm satisfied that if there was any kind of statement that was editorializing, that would not receive a certification or be included in the Auditor's Report without substantial qualifications.

3. MILLER: Yes, Mr. Craik proves that I'm right. I agree with him, that he would not do it. And what he's describing is a statement or information or notes, which are very germane to Public Accounts, and which would, I can see add to Public Accounts, if he made that explanation with regard to the FCCA or the CICA. He can do that today. The very statement he's described or the very notes that he describes as perhaps being necessary, he can do that because clearly that's been suggested and recognized under 9(c). It is the extension beyond that, and as I say, I am satisfied that this minister would not do that. The invitation in this if . . . which goes beyond what he's talking about, because what he's explained as an example is very much germane to what perhaps should be in Public Accounts, when, in fact, the Manitoba books are examined by people who are used to thinking in terms of the FCC presentations. I'm not concerned about that, only because that's now possible. It's the going beyond that, and it's true, this is in a sense hypothetical, because this isn't being drawn up for today; I say Mr. Craik won't do it.

It's drawn up for years from now. And it's true the auditor himself wouldn't be associated with that particular statement but it would be enclosed within the covers of the Grey Book, and it becomes a part of the Grey Book. And that's why we question the need for it, because what you said you would do, you would like to do perhaps, can be done but we don't see the need for it because there's enough scope within the Act now, that the minister and the auditor for that matter can make any comments at all about the actual assets, liabilities and method of accounting, etc., etc., which are required for a better understanding of Public Accounts. But not going beyond it. This would indicate almost as an invitation to some future minister, to maybe go into something that's really properly within Public Accounts, but yet he would be justified in doing it and he couldn't be criticized because the Act would say yes — if he deems it necessary then by all means he can do it. That's the only reason.

BLAKE: Yes, Mr. Chairman. I don't want to belabour this particular point, but it was obviously there for a reason, and I can only see it being a vehicle to provide some additional information in connection with the Public Accounts, and the statements accompanying them. I really can't see a problem whatsoever. If some future Finance Minister should be making editorial comments or statements of a political nature, as the auditor has suggested, it wouldn't receive the certification,

but the opposition would certainly be free licensed to slaughter him on it, if some minister we making statements that shouldn't be in keeping with the Public Accounts, and the nature of t submission to the Legislature. So I really can't see any other reason for it being in there, oth than a vehicle to provide some additional information or notes of a clarification nature to the Pub Accounts and to the people that are going through them, that maybe not quite understand withc some appendages and schedules of clarification. So I really can't see any cause for concern w Section (f) whatsoever. If the opposition members feel that strongly about it, I suppose they c vote against it.

MR. CHERNIACK: Just one point, Mr. Chairman. Mr. Craik said that he doesn't see why we shou try to restrict the minister. I'd just point out that we did not suggest that it be put in. It's not the present law. I'm not sure that it has in any way prevented a full disclosure of the accur figures of assets and liabilities. The real question is: Why is it being forced in, not why are trying to limit it? It's the minister's proposal that he have that power. We don't see that it's necess to have the power to do what is clear in relating to an accurate statement. He is bringing it here, and it's we who are saying, what's wrong with the way it was? And he has not, nor has I Blake indicated any particular reason for having it in, and therefore, I don't think you pass la after all these years, unless you have some way to show that there was a restraint, a frustrat and inability to present a full picture, which will be remedied by including it.

So the point I'm making, Mr. Chairman, is that there's a desire to insert it into the law, on our part — a desire to take it out of the law — it's not in the law. And I don't think ther been a proper case made for going out of the way to put it in, except in a very speculative v that Mr. Craik described, and which Mr. Miller correctly pointed out, is available right now. N Mr. Blake is right; we don't like it; we're in the minority; we can vote against it.

MR. CHAIRMAN: 10(f)—pass.

MR. CHERNIACK: Count, Mr. . Chairman, please. Or just on division; it's not necessary to cor but just to show on division that we're opposed to (f).

MR. CHAIRMAN: On division (f)—pass; 10(g)—pass; 10—pass; Section 8—pass; Section ! deleted; Section 10, there is an amendment, Mr. Blake.

MR. BLAKE: THAT proposed new subsection 17(1) to The Financial Administration Act as set in Section 17 of Bill 2 be amended by striking out the figures and word "(5) or (6)" in the thereof and substituting therefor the word and figure" and (5). "

MR. CHAIRMAN: Any discussion on the amendment? Mr. Balkaran.

MR. BALKARAN: May I suggest, Mr. Chairman, that before you've passed this that perhaps should move on to the new 17(2), (3), (4) and (5), to see whether that's necessary.

MR. CRAIK: Mr. Chairman, Mr. Balkaran's suggesting that we go on and deal with (2)(3)(4) (5) of the same Section 17, and then deal with it all in total. I think I'll ask Mr. Anderson to comr on this, unless one of the members wishes to comment first.

MR. ANDERSON: Mr. Chairman, the amended Section 17 as it now reads, has specified tha revenues will be treated the same way as they have been treated in the past with the except of 17(4) and 17(5). 17(4) is a section that relates to situations where funds are received by Car or another jurisdiction, but not earned. Examples of this are where moneys come in under Highway Strengthening Act, and our obligation is to spend a dollar on building a road to a ce strength, and in which case we'll be entitled to the money.

It is our practice right now that these moneys are put into a deferred revenue account and when the money is earned, they are then realized as revenues. So this is just putting into legis what the practice is now. If you look in the Public Accounts, you will find those types of acc sitting now in the revenue division, in I believe, it's the liability section. If you want, I can you to the specific section.

MR. MILLER: I'd like to ask Mr. Anderson, you mentioned the Highway Strengthening Fund. ' about programs under the Development Agreement with the federal government, where the pro is required to expend the money first, and on completion presenting Ottawa with an au statement, will then get recompensed by the federal government for its share, whether it t

percent or 40 percent? How was that treated? Is that also reserve funds? I mean that isn't reserve funds, you don't get an advance on it, you get it after the fact. So do you show that as accrued revenue, or something that's anticipated?

R. ANDERSON: Mr. Chairman, Section 17(5) deals with that and we have reworded Section 17(5) to be very specific that it relates to special expenditures made under programs such as the type you has mentioned, the DREE programs. The logic behind this particular section is that each year when the revenue Estimates and the expenditure Estimates are presented, if it shows \$1.00 of expenditure for a DREE program, for instance, under the bottom it shows the 60 cents of recovery that we'll get back from the federal government.

The section is then intended that at the end of the year, if you've spent a dollar, if we haven't received the dollar from Canada but we know that it's coming back, we would show that as a revenue. That is all this section is intended to accrue for. Those programs where we know that the revenue related to the expenditure, and they should be matched into the same period as the expenditure made to give a true picture of what the government's cost of that program is.

I. MILLER: Mr. Chairman, so that's completely apart from the cash flow system that operated, and that in fact, when agreement with Ottawa is signed and Manitoba undertakes to do certain work over perhaps five years — certain programs over five years, or four years, or what have you that it may have to wait two or three years for the first payment from Ottawa, but within that first fiscal year of the program that a revenue would be shown, even though it will not have been received from Ottawa. The revenue will have been shown to offset the costs to the provincial government, the expenditures of the provincial government. Is that what you're saying?

R. ANDERSON: In taking your questions one a time, this is a complete departure from what we've recently has been shown. In the capital division, revenues have been accrued in the past for those programs that were expended out of capital funds. Those can be referred to in Section C, on Page 10, Section C(2) Expenditures recoverable from the government of Canada. That is existing programs, ARDA, the Churchill Agreement, The Pas Special Area, those are examples. We would like to treat them consistently in both revenue and capital division.

The types of programs we're talking about will not have this two year delay. It's envisioned that we will deal with and the words are written to deal with those kinds of programs, where the expenditures are made and the recoveries are on an ongoing basis. So it's not a departure, but making consistent now that we've done it in capital division, it'll be done in revenue for the majority of those kinds of programs.

CHERNIACK: Mr. Chairman, we're dealing with the whole thing then, are we? Well then, I think what Mr. Anderson implied in what he said, was that (2) and (3) are not different than the old (2) and (3) except of course in wording and the dating, when I say the old (2) and (3). Actually it seems to me, and I want this confirmed by him and Mr. Balkaran or Mr. Ziprick, that (2) and (3) in the amendment proposed now, are actually reconstituting the old existing (2) and (3) in the new rather than the first amendment. That the first amendment proposed to make a change which has now been put back, and that in effect is just a rewording of the intent of (2) and (3). Is that correct?

ANDERSON: That is correct with the exception of the re-referencing to different subsections that we have (4) and (5) in there.

CHERNIACK: All right. One other thing, as I read 17(3) I get the impression that if the Minister whatever it is other than Finance, receives a cheque in payment for something or other, and on just that day, and fails to send it in to the Minister of Finance, then that's not shown as revenue received by the government in the year in which that Minister gets it. Do I misread that?

Well, let me give that a more concrete example, and I really have no idea whether it's correct or not. Let's say the Minister of Health or the Minister of Agriculture gets a cheque in from wherever sources of revenue come through that Minister, let's say, a federal cheque comes in for a certain amount or payment is made of refund of some kind, and received by the Minister of Health, and he is to send it to the Minister of Finance within the time limited. Does that then mean that that revenue is not shown as revenue received by government, but rather is shown as the next year's revenue?

ANDERSON: Under Section 17(2), if the Minister of Agriculture, using the example Mr.

cited, had received the money within 15 days after year-end, even though he hadn't turned it over to us it was received by a member of the Executive Council, it would therefore be revenue of the fiscal year.

MR. CHERNIACK: Yes.

MR. ANDERSON: 17(3) is just to deal with the reverse of that. If it's received after the 15 day period, then it's revenue of the new year.

MR. CHERNIACK: I'm reading (3). (2) was not a problem to me so I didn't study it. But reading (3), "revenues received by a Member of the Executive Council and not paid to the minister as (2) shall be conclusively deemed to be revenues of the year in which they are paid to the minister that then means that revenues that are received subsequent to the 15th day, is that what you're saying?"

MR. ANDERSON: Mr. Chairman, that has been the practice in our interpretation. If the Minister of Agriculture had received this, perhaps the wording could . . . What we tried to do in the first amendment was to clarify that particular situation, then we've now used this because it would conform to the present practice which is if any moneys are received by a minister 15 days after year-end under (2), we take those in as revenues. We assume that the receipt by the other minister is in fact payment over to our minister. That has been the practice; perhaps the Provincial Auditor would like to . . .

MR. ZIPRICK: Mr. Chairman, that has been the practice. We go through the new year's revenues in the first month very carefully to ensure that there are no significant items either deliberately or inadvertently omitted to change the financial position, so that we ensure that it's consistent applied from year to year and any of these kinds of receipts have been turned over.

MR. CHERNIACK: Well, that's okay, Mr. Chairman. Frankly, I'm not sure that I understand why we need that (3) at all. It seems to me that (2) makes that clear, and the fact that (3) was there made me wonder whether it wouldn't be possible that a minister receives a cheque and sits on it because he doesn't want it in that fiscal year, but there's nothing to prevent his doing it anyway you know, so it is not a change to the previous year.

Well, in dealing with (4) and (5), I would like Mr. or any of the gentlemen, but I should like Mr. Ziprick or Mr. Balkaran to confirm that (4) and (5) which are new or broadened from what they were. Mr. Anderson states that that relates to specific cases such as payment by the government for moneys not yet spent. Are we being assured by these gentlemen that it is only that, and not of any other broader type? I'll ask that in the context of the debate we've had for a long time about the setting aside as an account payable a revenue receipt of over \$30 million for the Government of Canada, which is shown in Public Accounts and which we said was improperly wrongly put off for another year as an account payable, whereas it was really moneys received and will never be paid. I don't want to go into that; we've discussed that at great length and I'm sure we're not through with it.

Was that done in accordance with the law as it stands today, and is there anything in (4) and (5) which will broaden the discretion to do things like that? Or is it specifically limited to things such as are shown in the R2 schedule, where the biggest item was 1976 Flood Agreement of over \$30 million? I said R2 — I meant R10. That's the clarification or assurance that I'm looking for.

MR. ZIPRICK: Mr. Chairman, my understanding of these two sections are that they are restricted to actual existing agreements between, I think, Canada and Manitoba; that certain conditions being met that in effect the amount is either payable or receivable. Using the example of Expenditures there would be an agreement in existence for cost-sharing; there's been that money expended in that fiscal year and it's due and payable from Canada under those terms of agreement that amount would be set up as revenue.

On the other hand, if Canada sends some money ahead of a certain expenditure and conditional that that money is not realized until these conditions have been met in accordance with that agreement, that would be shown as a deferred revenue until that money has been spent as I read those two sections they are specifically confined to those conditions only.

MR. CHERNIACK: Thank you, Mr. Chairman. As I read 17(4), it seems to me that it's possible to go backwards — am I wrong about that? I mean, I can see R10 as a future account payable. Is it possible to re-allocate backwards and say, well that expenditure was made 2 years ago

herefore we will retroactively credit the revenue to that, and retroactively vary the deficit or surplus or that year?

MR. ANDERSON: Mr. Chairman, the section deals with the situation where moneys are received before the expenditure is made, therefore the situation that Mr. Cherniack just dealt with would not occur.

MR. CHERNIACK: I'm not sure it says "before." It says "relate are to be made in more than one fiscal year, the moneys shall be deemed to have been received." It seems to me that that could be moneys received which relate to three years ago, four years ago, and two years hence. Now, you know, it was my interpretation of that that made me wonder whether that wouldn't be a retroactive change in the financial statement. If the intent is only to deal with forward expenditures, then I'd like to ask Mr. Balkaran does it say that, and if it doesn't, is there any reason why it can't say that?

MR. BALKARAN: Mr. Cherniack's interpretation may be right. It seems that is you're going to deem them to have been received in the respective fiscal year, 2 years down the road of a 5-year program, you can go back and say "well, this is deemed to be with respect to 2 years ago," and the language consistent with that type of interpretation.

R. CHAIRMAN: Mr. Anderson, you had a comment?

R. ANDERSON: All I would suggest then is that perhaps we could just change the words right now with Mr. Balkaran because the intent as described must be consistent with the words written.

MR. CRAIK: Mr. Chairman, in view of the fact that it says, "That a statement of the apportionment those moneys among respective fiscal years shall be included in the Public Accounts" — would that not cover off adequately?

MR. ANDERSON: Mr. Chairman, just also for clarification, if moneys were received for which the expenditure had been made, they would then be revenues and they would not fall into the deferred revenue category.

MR. CHERNIACK: No, that's right, but . . .

MR. ANDERSON: And they could only be put into the fiscal year that we would be dealing with they couldn't go backwards.

MR. CHERNIACK: Well, Mr. Chairman, I am inclined to rely more on Mr. Balkaran's opinions. It seems to me that if you get a sum of money in the third year of a 5-year program for payment all five years, then you could say for public purposes that we apportion to the last two years, books of which have been closed, revenues as if they were accounts receivable shown in those years and therefore retroactively adjust the surplus or deficit position for those years. What Mr. Anderson might imply is that if the situation I'm describing occurred, then the year in which it's arrived, let us say the third year of the program will show revenues for years one, two, and three, four and five will be deferred. It's not my interpretation, and Mr. Balkaran's interpretation is mainly one which has more validity than my interpretation because he is the expert. I think if clearly intended for deferral for expenditures not yet made, then it should say so in this section; if I don't see the problem.

BALKARAN: Mr. Chairman, the suggestion is made that in the fifth line of the suggested amendment to 17 (4), that the phrase, "more than one" be struck out and the words "made in and in any subsequent" fiscal years — whether that would help, Mr. Cherniack.

CHERNIACK: I think that certainly will clarify for me what was in doubt before. If Mr. Balkaran sees that that accomplishes the purpose, it certainly makes it clearer to me.

CRAIK: Perhaps we could let Mr. Anderson digest . . .

CHERNIACK: While Mr. Anderson is looking at that, Mr. Chairman, may I reverse to the question I asked earlier of Mr. Ziprick — the \$30,500,000 shown in R10 being the often discussed

overpayment by Canada of 1976 tax equalization — by what authority was that show as an account payable?

Let me just enlarge on it. My recollection is that in Mr. Ziprick's report he disagreed with being done. —(Interjektion)— no? In any event under what authority was it shown?

MR. ZIPRICK: I didn't disagree it was being done because there was a right to do it and I take it it's under the authority that I guess is going to be left out and that was that the Minister of Finance can allocate revenues between years and can deem one year's revenue to be the next year's revenue and vice versa.

MR. CHERNIACK: What section is that?

MR. CRAIK: I wonder if we could get back to the clause, we've looked at the amendment he and it's satisfactory as far as the finance people are concerned. So it says, "made in that act in any subsequent fiscal year."

A MEMBER: Year. Singular.

MR. CHERNIACK: You need a motion amending the amendment.

MR. CHAIRMAN: Gentlemen, we've been conducting ourselves a little informally. There is a motion on the floor and it's not one that deals with the matter that we're discussing at the moment, if there is no further discussion on this 17 (4) and (5) that you are on, maybe we could go back and pass the motion that is on the floor.

MR. CHERNIACK: Mr. Chairman, what is on the floor? I mean I believe this is an amendment to the motion that's on the floor. This proposal is an amendment to the motion on the floor. I have to deal with that first.

MR. CHAIRMAN: No, we haven't got to that yet. We're still on the second motion on the first page of the amendments.

MR. CHERNIACK: Mr. Chairman, I thought we had agreed that that second motion, subsection 17(1), will wait until we've passed (2), (3), (4) and (5), so that we can then go back and make a correcting adjustment which becomes automatic in 17(1). But as you say, we've not been too technical and as long as we get the work done — I've not yet explored (5), that's why I'm sorry of hesitating.

MR. CRAIK: This is a proposed amendment that we will deal with when we rotate back through this.

MR. CHERNIACK: 17(1).

MR. CRAIK: Yes. Then are we agreed we'll come back and do 17(1) and approve this amendment or any other amendments on the way back through.

MR. CHAIRMAN: Yes, this motion is on the floor at the moment.

MR. MILLER: It hasn't been read yet.

MR. CHERNIACK: Mr. Chairman, I think Mr. Craik suggested that we set that aside, or maybe Mr. Balkaran did and Mr. Craik agreed we set aside 17(1) amendment until after we deal with the others in 17. So I think you can just leave it in abeyance and revive it later.

MR. BALKARAN: Mr. Chairman, the amendment to 17(1) depends on what you do with 17(2) (5), because that's a numbering change. So if any one of these subsections is struck out then obviously we have to go back to (1) and make that change.

MR. CHAIRMAN: On 17(4), Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, I was asking Mr. Ziprick by what authority this \$30,500,000 shown as an account payable, and trying to see whether it relates to either (4) or (5), and he said

to be quoting a section which I don't see, and if he could clarify it for me then we could set it side. I'm not debating the point, I just want to know how it came about.

R. ZIPRICK: The authority that's there would be probably two places: Section 21(1) of the old Act, or the Act in effect now, and Section 38(3).

R. CHERNIACK: The old 38(3). 21(1) — is there a proposal to change that? No? They're repealing

R. BALKARAN: They're repealing it, that's right.

R. CHERNIACK: Mr. Chairman, I'm really still trying to understand (3) and (4) and its ramifications, near (4) and (5). Section 21(1) says "that where there is an excess in revenues over expending" other words . . .

R. ZIPRICK: I'm sorry I would say it's Section 38(3) . . .

R. CHAIRMAN: Mr. Anderson indicates he can perhaps throw some light on it.

R. ANDERSON: Mr. Chairman, that particular entry was made under the authority of Section (3). This type of entry will not be made under Section 17(4) because the reading of Section 17(4) indicates that it's for programs which relate to special expenditures. Expenditures is the key word. The Fiscal Arrangements Act was the Act which generated the overpayment of tax revenues, and not an expenditure of the program.

R. CHERNIACK: I understand that now, Mr. Chairman, and I appreciate the explanation. Could you just get clarification on (5) . . . I think I understand it, but how does (5) differ from (4)? Is that expenditure, rather than a revenue?

R. CHAIRMAN: Mr. Anderson.

R. ANDERSON: Mr. Chairman, Section 17(5) is the situation where a dollar of expenditure is made. We know that 60 cents of it will be coming back under an expenditure arrangement with a province over another jurisdiction, and to correctly match the expenditure with the receipt, which is the way that it is shown in the Legislature in the Estimates, those revenues will be set up. It is not inconsistent with the way that they've been handled in the past in the Capital division under Section (c)(2). Those expenditures have been set up in the past. We will now be showing expenditures related to the combined Consolidated Fund. Page 15.

R. CHAIRMAN: Mr. Cherniack.

R. CHERNIACK: Mr. Chairman, I understand that, and that's okay. Are we assured that (4) and (5) relate to the Government of Canada, and if we are, then why doesn't it say so? Why is it this way? How many instances are there where it might be other than the Government of Canada?

R. CHAIRMAN: Mr. Anderson.

R. ANDERSON: Mr. Chairman, the key words here are "Special Expenditure Programs." I can't pull off the top of my head any other jurisdiction that we deal with where we get recoveries on an expenditure basis. There are the odd ones that come up from time to time.

R. CHAIRMAN: Mr. Curtis.

R. CURTIS: Mr. Chairman, we have had in the past joint programs with other provinces, in which either we, or they, handle all of the expenditures on the program, and it's a matter of — it's an example perhaps — but I was thinking of joint improvement programs where one province actually handle the expenditure flow, and the other province will then reimburse.

R. CHAIRMAN: Mr. Cherniack.

R. CHERNIACK: Mr. Chairman, are we dealing over only with governments in (4) and (5), because

the way I read this it could be a deal with any private arrangement other than government? Are we only concerned about governmental agreements?

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: I think that there was an arrangement with Sherritt-Gordon that there was recover of expenditures.

MR. CHAIRMAN: Mr. Anderson.

MR. ANDERSON: Mr. Chairman, that particular recovery for the Fox Mine Agreement is also shown on Page 15, but it is envisioned that Section 17(4) and Section 17(5) would deal mainly with Canada who we have joint shared cost programs with. There are, however, these others which occur from time to time.

MR. CHAIRMAN: Mr. Miller.

MR. MILLER: It could be included here a reference to inter-governmental, rather than it not to Canada because it goes beyond Canada only, but it really is designed for restricted inter-governmental programs, provincial or federal, and perhaps that could be included to show that it is referring to the different levels of government.

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Well, it's true they are primarily, but we've just had an example where there's an exception. There's no guarantee that there won't be another exception.

MR. CHAIRMAN: Mr. Miller.

MR. MILLER: Well, would it be wise to include other than intergovernmental arrangements handling the money in the same way, even though this is a private firm, for example. Would it be wise to handle that in the same way as in dealing with another government? Can things go wrong in an arrangement with a private . . .

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Perhaps Mr. Ziprick would like to comment.

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: I don't see any difficulties because there'd be a firm agreement, and if the money had not been received before the books are closed after the later date, they would certainly be received not too long after, and if there was any danger of bankruptcy, then it certainly would be included; and if it was included, the auditor would be obliged to point it out that there is some revenue included that is not likely to be realized. It's not likely to happen very often but there could be some arrangements with mining, which in the context of the province's operation are that large, but would present a more tidy position, just the way this Sherritt-Gordon Mine Agreement has been handled.

MR. CHAIRMAN: Are you satisfied with 17(5)?

MR. CHERNIACK: Yes.

MR. CHAIRMAN: Then Mr. Blake, the motion at the bottom of Page 1 be . . .

MR. BLAKE: The Amended Motion: THAT proposed new subsections 17(2), (3), (4), (5) and (6) of the Financial Administration Act as set out in Section 10 of Bill 2 be struck out and the following subsections be substituted therefor: Certain revenues received after end of fiscal year. (4) and 17(2) . . .

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Mr. Chairman, perhaps it might be agreeable to take it as read, with the exception of the change in 17(4) in the fifth line. Agreed?

MR. CHAIRMAN: Mr. Balkaran.

MR. BALKARAN: Mr. Chairman, might I draw the members' attention to the second line. The word "relate" should be "relating".

MR. CRAIK: Mr. Chairman, maybe it would be wise to read the entire 17(4) and take the rest as read.

MR. CHAIRMAN: 17(4), Mr. Blake.

MR. BLAKE: 4) Where moneys received pursuant to an agreement¹⁷(or arrangement relating to special expenditures made by the government and those special expenditures to which the moneys relate are to be made in that or any subsequent fiscal year, the moneys shall be deemed to have been received in the respective fiscal years in proportion to the expenditures made in those fiscal years to which the moneys relate, and a statement of the apportionment of those moneys among the respective fiscal years shall be included in the Public Accounts.

MR. CHAIRMAN: And 17(5) as printed?

MR. BLAKE: As printed.

MR. CHAIRMAN: 17(2)—pass; 17(3)—pass; 17(4), as corrected— pass; 17(5)—pass; amendment—pass, as corrected; Section . . . the previous motion that was moved by Mr. Blake, the first Amendment having to do with Section 10. Is that agreed? (Agreed) Amendment—pass; Section 10 as amended—pass; Section 21 would seem to be the next one that is outstanding, and we have an amendment for 21. Mr. Blake. Page 3 of your sheets.

MR. BLAKE: Are you ready for the amendment?

A proposed new subsection 24(2) to The Financial Administration Act, as set out in Section 21 of Bill 2 be amended by adding thereto, at the end of thereof, the words, "and shall be shown in revenue account in the Public Accounts as a separate item".

R. CHAIRMAN: Any discussion?

R. CHERNIACK: I don't agree with it, Mr. Chairman, but by all means pass it. I agree with the amendment by Mr. Blake, and I don't agree this section but . . .

R. CHAIRMAN: Any further discussion on the amendment? Amendment—pass; 24(2) as amended—pass; On division, Section 21 as amended—pass; Sections 22, 23 and 24 have been passed; there is an amendment to Section 25. Mr. Blake.

R. BLAKE: THAT proposed new subsection 38(2) to The Financial Administration Act, as set out in Section 25 of Bill 2, be struck out and the following subsection be substituted therefor:
Payment after end of term.

38(2) Where an appropriation has been voted or authorized for expenditures to be made in a fiscal year, and an account for a liability incurred during that fiscal year, property examined and audited for, is received by the Minister not later than the 20th day of the month following the end of that fiscal year, it may be paid up to and including the 15th day of the month following the end of that fiscal year, or such earlier date as may be designated by the Minister, but not later, and to be charged to the expenditures of the fiscal year just ended.

I. CHERNIACK: I think this takes care of the point that was raised. The only thing that I'm not clear on is the meaning of the word, "term". Payment after end of term, I'm still not clear on it. Does it mean fiscal year, or does it mean period following the fiscal year?

I. BALKARAN: Might I point out that everywhere you have "term" in the amendments we've been discussing it's intended to mean "fiscal year." We've been changing it, so with your permission, may I change term to fiscal year.

MR. CHERNIACK: Now we're back to fiscal year, I assume, and that's just a heading?

MR. BALKARAN: That's just a heading, yes.

MR. CHERNIACK: Is that acceptable then, Mr. Chairman?

MR. CHAIRMAN: Is that agreed to the committee?

MR. CRAIK: I have it in the amendment, or the new Act, as being fiscal year and in the old on as being term.

MR. CHERNIACK: Yes, Mr. Craik is right. In any event, we're changing it to fiscal year. Is that right?

Mr. Chairman, I want clarification, I hope we've not yet passed 38(1). I mean, I think we're dealing with this amendment, but did you deal with 38(1) because I want to . . .

MR. CHAIRMAN: No, we haven't dealt with 38(1). We'll go back to it as soon as you've finished this. Any further discussion on the amendment? 38(2)—pass; 38(1)—Mr. Cherniack.

MR. CHERNIACK: On that one, Mr. Chairman, I asked questions several times and the definitive answer that I received, I believe, is that current authority in capital is being retained and will not be lapsed until the department figures out all the commitments that have yet to be charged to the Capital Authority. And then an O/C will be passed eliminating them all. I'm wondering whether that isn't more ponderous than to stipulate that by a certain date, giving the department all the time it needs, by a certain date all Capital Authority, unused on Schedule B, be lapsed. And that impression, I would think, is that if, after a period of time, that section takes effect, then anything that is found later which should be of a very small nature would then be charged, as it would in any event, to the accounts of government.

The point I'm making is that it seems to me that there should be a clear finality to the old Capital Authority, to remove any possibility of any existing authority still being on the books of the government. In other words, that the O/C, in my vision, will say that so many dollars of Capital Authority issued by this or the other Act shall lapse, but I don't expect there to be, and I'm not sure the O/C can, just generally lapse all Capital Authorities whether they are known, recognized, found or not found. And I'd like to know from Mr. Curtis or Mr. Ziprick whether it is possible that the proposal to lapse it by O/C will ensure that all possible authority dating back 100 years will be eliminated.

MR. ZIPRICK: Mr. Chairman, only the items specified in the O/C would be eliminated. Now through oversight or some way some item was left, as far as I understand it, it would still be under the Legislative authority to spend.

MR. CHERNIACK: Mr. Ziprick confirms my impression. Unless Mr. Curtis has some contribution to make on this I would like to suggest to the Minister that legislation should, in a blanket wipe out all authority, unused authority, of a capital nature, effective as from some date, to protect the department. But let's get rid of it. We said we're doing it, we agree we should do it, let's do it.

MR. CRAIK: I guess it boils down to the question of the deadline date and setting it in the Act. I don't seem to sense that there is any, on the one hand, any great problem with setting so early a date; but on the other hand, it is pretty clear that there has to be an Order-in-Council passed that does it. It has to happen, it is public knowledge. The O/C is tabled, the information is made available when it occurs. I don't think we should build in any more, I think we need some deadlines built in, I don't know that we should, on the other hand, go so far as that it creates a straitjacket on the activities of both the Finance Department and the Auditor, who have to both eventually appear before the Order-in-Council cancels the old authority.

MR. CHERNIACK: Mr. Chairman, I don't quite follow what Mr. Craik said in relation to there being an O/C. There doesn't have to be an O/C. It can be lapsed by either O/C or certainly by legislation. If you have legislation you don't need an O/C. The reason they're doing it by O/C is to give themselves the time they need to search their records, and to make sure that all authorized expenditures are indeed charged to a Capital Authority before they close it off. But I think any loose ends that may be found over the many years past should be closed off, and that's

feel that since we are doing as we're saying that we're doing, then I would guess that the department knows pretty well which expenditures have been authorized under certain capital authorities. And why not even a year ahead. But not to leave that loophole, which will be there, Mr. Chairman, if they overlook some authority which is available to be used and was not used, and which a government five years from now could resurrect and use. Now, all I'm doing is suggesting that we shut it off, finally, by legislation so that there won't be a slipup, and I think that's logical.

But I don't know how much more time the department needs, because we have not passed Capital Authority for over a year now. And it is, as I understand it, the intention of government not to use any more authority. I think we had statements last year, showing some \$30 million of authority that was going to be used and we find that it wasn't used; and there was another, I think, \$15 or \$16 million, or something over \$10 million of authority that was not intended to be used. And rather than require the department to search all the records all the years back, to make sure that they've taken care of it all, then I think there should be blanket cutoff ahead to such an extent where they feel sure they can do it. There's no harm done, because if it is found later that they've let out some item that could have been used and wasn't used, then there's the regular accounts at make it possible. But would Mr. Craik not agree that there should be some finality, and that the only way you get a finality is by legislation of a general nature, rather than specific.

R. CRAIK: Well, Mr. Chairman, I gather that what we're really doing is just legislating for this year, with these comments, that from here on in it is already governed by the changes that we've made in here, and if I'm incorrect in that I stand corrected. What's being referred to here is this particular year.

J. CHERNIACK: Mr. Chairman, 38(1) as I read it, will apply to every current year in the future, year by year. The point I'm making at this stage is there's nothing in this Act, in this bill, which takes care of the accumulated past, which will not repeat itself, because we're not going to have Capital Authority. So what I'm saying is, that if 20 years ago there was an authority issued to borrow in order to rebuild the highway which we own, let's say, on the street that is owned by government behind the Legislative Building, Assiniboine — if it's sitting there somewhere, 20 years ago and never used, then as I interpret the law, a government five years from now finding that authority may use that authority. And therefore, I'm suggesting that there should be in this Act, a section providing, "All authority issued and unused as of June 30th" — whatever date — shall lapse. That's what I'm saying.

J. CRAIK: Well, that's okay. If it makes Mr. Cherniack feel easier, we'll be doing it anyway, but when it'll be spelled out in the Act that all previous accumulated carry forward capital will have expired as of March 31, 1979.

J. CHERNIACK: Mr. Chairman, I must say that it'll satisfy me to the extent that I think it's tidier. Secondly, I was once told that an O/C costs something like \$78.00 to process on average, and I think that with this section it may not be necessary to have an O/C at all, and maybe we've saved \$100, or whatever it costs to process an O/C.

J. CHAIRMAN: Any further discussion on 38(1)?

J. CHERNIACK: Do we understand that there will be a (4)?

J. CRAIK: 38(4)? Mr. Balkaran, can you draft a quick clause?

J. CHAIRMAN: I understand there's another subsection coming that would take care of what you're suggesting.

J. CHERNIACK: Yes, thank you. Thank you, Mr. Chairman.

J. CHAIRMAN: In the meantime, can we pass 38(1)? 38(1)—pass; 38(2) has been passed, we have an amendment; 38(3). Mr. Cherniack.

J. CHERNIACK: Is it clear that where there's no appropriation in that subsequent year, then no such appropriation in that subsequent year as the minister may direct? In other words, he can charge it to his own department in some way because it doesn't exist. Is that clear, that if there's no appropriation then it shall be charged to another appropriation in the same fiscal year, not . . . All I'm concerned is retroactivity.

MR. CRAIK: Well, it indicates where a program terminates, and there are payments to be made the next year, and there's not an appropriation — termination of the ARDA program for instance is finished, wound up; if there are some late accounts come in and there is no appropriation which to pay them, they can be transferred to another account.

MR. MILLER: Another appropriation?

MR. CRAIK: Another appropriation. Now, whether it's in the subsequent year in which they received in, I guess it'll fall under the guidelines we've already approved here.

MR. CHERNIACK: But that phrase, I think, has been taken out from the Act itself, the phrase "for any subsequent year", and I just didn't . . . Well, yes, but it says, "To such appropriation as the minister may direct", but here it says, "To any appropriation for similar purposes" — reading the Act now, 38(4), "for any subsequent term." So, I'm wondering if the omission of that phrase changes the intent?

MR. ANDERSON: Mr. Tallin assisted us in drafting this. Perhaps Mr. Balkaran could comment if it's a legislative counsel matter.

MR. CHERNIACK: Well, while he's doing that, Mr. Chairman, I have an unanswered question on my mind which relates to either a late account for liabilities, or late revenues. I posed a question much earlier on that section that I didn't agree with, up on top of the page. Where there is a rebate and it will now be charged to revenue, how would it work when there is no revenue in excess of the amount of rebate? Just how does that work? An example, the obvious example is successions duties, if there is a rebate of succession duty and we're no longer taxing for succession duty quite conceivable that there will be a rebate in excess of the revenue.

MR. ANDERSON: Mr. Chairman, referring back to the amendment made to that particular section it says, "By separate item". So it will be netted from the bottom of the account.

MR. CHERNIACK: Thank you, Mr. Chairman. I'd forgotten that change.

MR. MILLER: Mr. Chairman, I'm just curious about the mechanics. Since there is no appropriation will it have to be by special warrant that these moneys are paid out, because there is an appropriation, or the appropriation is overexpended and the money is taken from another appropriation; now you need a special warrant, will that still continue? Will that procedure still continue?

MR. CURTIS: Well, Mr. Chairman, where we've had samples of this kind of a problem in the past what we have done is set out a separate sub-appropriation within an appropriate appropriation and made the expenditure out of that appropriation.

MR. MILLER: Well, that's fine if in fact you do that, in the Estimates itself it's shown that . . . But where an appropriation is expended, or you simply can't take any more from that appropriation and you want to pay the moneys that have to be paid out from some other appropriation will there's an underexpenditure, then the instrument is a special warrant.

MR. CURTIS: That's correct.

MR. MILLER: Now, will that still continue?

MR. CURTIS: Mr. Chairman, that's correct. Because there's no funds available we would have to apply for a special warrant.

MR. MILLER: You say there's no funds available. I'm saying even if there are funds available in one appropriation, and you want to tap that appropriation because the money in the corresponding appropriation is not available. Then, would you need a special warrant in order to tap the moneys that are available in the underspent appropriation, because you move from one appropriation to another appropriation. Right now you need a special warrant; will that have to be done in the future?

MR. CURTIS: That's correct. If there were not funds available in an appropriate appropriation

e would have to apply for a special award.

R. CHAIRMAN: 38(3)—pass — Mr. Cherniack.

R. CHERNIACK: I'm still waiting for clarification as to whether the deletion of a phrase is of any significance. Mr. Anderson thinks not, and I would like to agree with him. But we're waiting. You recall, the present —(Interjection)— I think it's okay.

R. CHAIRMAN: 38(3)—pass. We'll leave Section 25 then, pending another another amendment, and move on to Section 32 which seems to be the next one that is still outstanding.

Page 7, 45(2) and 45(3), Section 32 of your Bill. It's upper page 7 — there's no amendment, but we didn't pass it when we went through.

R. CHERNIACK: Section 45 . . . this is page 6, top of page 6.

R. CHAIRMAN: We're not on 36 — we're on Section 32. Oh, I see, it's out of order. My apologies. There is an amendment. Mr. Blake.

R. BLAKE: Thank you, Mr. Chairman. THAT proposed new subsection 45(2) to The Financial Administration Act is set out in Section 32 of Bill 2 be struck out and the following subsection substituted therefore: Future commitments.

45(2) A member of the Executive Council may in any fiscal year with the approval of the minister subject to guidelines established by written directive of the minister, enter into a contract on behalf of the government which commits the government to expenditures in future years in an amount that is not to exceed in the aggregate the amount provided in the annual Appropriation Act other than a contract guaranteeing the payment of a debt incurred or to be incurred by any person, and the minister shall report on such commitments to expenditures in future fiscal years to the Public Accounts of each fiscal year.

R. CHAIRMAN: Any discussion on the amendment as read?

R. CHERNIACK: Mr. Chairman, I think that's good. I think it creates flexibility and yet makes it accountable in a much more precise way. I think it's an improvement, and I think that that makes a section which I was concerned about reasonable and logical. If Mr. Ziprick agrees, then I'm happy with it.

R. ZIPRICK: Mr. Chairman, I find this to be a satisfactory provision.

R. CHAIRMAN: Amendment — pass. 45(3).

MEMBER: We didn't have an amendment on that?

R. CHERNIACK: No. Well, we didn't really discuss 45(3) either, Mr. Chairman. I'm wondering whether 45(3) is there only to recognize proposed 54(2), or whether it is there to protect Hydro from a guarantee or some other kind . . . I'm not sure, so could we get clarification on that?

R. CRAIK: Mr. Chairman, my notes indicate that it's intended to make it clear that Section 45 does not apply to commitments by the government guaranteeing debts where the guarantee is authorized under an Act of the Legislature. It's intended just to make it clear that the Section 45 does not apply to commitments by the government guaranteeing debts where the guarantee is authorized under an Act of the Legislature.

R. CHERNIACK: It broadens the scope actually; it makes possible what appeared not to be possible, but that may not make it wrong. See, 45, which will become 45(1) reads, THAT no member shall contract any indebtedness on behalf of the government not authorized by the Legislature. Paragraph No. (2) said — but wait a minute, if we have to contract for the future, we should be allowed to do it; and then (3) says it also should not apply, this prohibition that's in the existing Act should not apply when there's a guarantee authorized. So, that means to me that they are broadening the powers of counsel rather than limiting them.

R. ANDERSON: Mr. Chairman, Section 45 in the past had been utilized in the government itself

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for its operations in terms of entering into contracts extending beyond one year.

Section 45(3) was put in to make it very clear that the commitments authorized by the Legislature now in the annual Appropriations Act, would not refer to the guaranteeing of debt that would be done under the government's guarantee sections.

There are Schedule A guarantees under other sources of authority.

MR. CHAIRMAN: Further discussion on 45(3)? 45(3)—pass. Section 32 as amended — pass. Section 33, I believe there is an amendment. Mr. Blake.

MR. BLAKE: Yes, Mr. Chairman: THAT section 33 of Bill 2 be struck out and the following section substituted section 47 of the Act amended therefor: Clause 47(c) added

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(a) by striking out the word "or" at the end of clause (a) thereof;

(b) by adding thereto at the end of clause (b) thereof the word "or"; and

(c) by adding thereto immediately after clause (b) thereof the following clause:

(c) that the payment of the whole or part of expenses relating to advance subscriptions registrations not exceeding \$1,000 for any individual item of expenditure is required.

MR. ZIPRICK: The Auditors have taken a look and there are some instances where these kinds of items could be in excess of \$500 and it could present a difficulty, so it was increased.

MR. CHAIRMAN: Any further discussion on the amendment? Is the amendment agreed to (a)—pass; (b)—pass; (c)—pass; amendment —pass; 33, as amended—pass; 35, I have 54(2) being passed, but not any further sections. 54(3) was held over for some reason. Mr. Craik.

MR. CRAIK: Mr. Chairman, I think the discussion on this was that it's in here so that the government may do it, although it's done very infrequently, and there was some suggestion that if that were the case, as I believe was the case historically and the case of MDC, that it ought to be done by Act of the Legislature rather than by Order-in-Council, and I think that may have been the reason that we held it. The only thing I can suggest is that I guess nothing is really changed. There may be cases where there may be a decision required to make such changes, and I can't tell you that this would be the case, but there may be a case, such as in the transfer of the debt with the removal of the Data Service from the Telephone System, where it may be necessary to make changes to accommodate the debt allocation, and the government may wish, with it becoming a government agency, to make accommodations by this, now I can't suggest that that is the only case where it would apply, but I would think it would apply in that case.

MR. CHAIRMAN: Mr. Miller.

MR. MILLER: It wouldn't require an Act of the Legislature, as it did in the case of MDC, but it could simply be done by an instrument by the Lieutenant-Governor-in-Council and accomplished that way. Well, is Mr. Ziprick satisfied that this is highlighted enough, or adequate enough, or accountable enough?

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: I don't have any difficulties with this particular section. As I understand it, when it advances to any agency, the government, by Lieutenant-Governor-in-Council, decides what particular debt is allocated to constitute charges for that particular agency, and I still, am assuming that situation prevails. Now, with regard to guarantees of agency debt, I don't think that any of that comes under the section.

MR. CHAIRMAN: Any further discussion? Mr. Cherniack.

MR. CHERNIACK: It's too complicated for me and I'd like a little more clarification. Is there a clear-cut definition as to what is self-sustaining and what is, what I would call, deadweight self-sustaining not one where the repayment is not out of general taxation, but rather from enterprise itself?

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: Mr. Chairman, that's what I understand, that self-sustaining is the debt that

enterprise is able to carry, and if for some reason or another it's not able to carry, just as it happened in the case of MDC, then the government, by Lieutenant-Governor-in-Council, can direct it to be declared as being serviced from Consolidated Fund. Now, there is no other way out really, and it doesn't present me problems in that regard.

R. CHAIRMAN: Mr. Cherniack.

R. CHERNIACK: Mr. Chairman, Mr. Anderson has pointed out that in the Act, Section 76(1), which I'm guessing will be removed, or maybe we've already . . . No, 76(1) is staying, and it describes that the Lieutenant-Governor may call self-sustaining. It defines it. Now, is there a conflict between the apparent absolute discretion in 54(3) of declaring whether it's self-sustaining or not, and 76(1) which remains, which deals with provincial securities; and if there is too broad an authority in 54(3), whether it shouldn't say, in accordance with the definition or description in 76(1), because it seems to me that there are certain things that obviously cannot be considered as self-sustaining one way or the other, and there should be some kind of a guideline rather than just an arbitrary authority.

I. CHAIRMAN: Mr. Benditt.

I. BENDITT: Mr. Chairman, I think I can clarify this. Under Section 76(1) we are talking about debt issued in the name of the Province of Manitoba. Now, under this new Section 54.3 we are talking about debt in the name of a government agency. And let us take an example of, say, the Manitoba Development Corporation, where there are securities issued in the name of that corporation. If the government decides to assume the debt of the corporation and leave the corporation with no debt, then the government has to state whether that is going to be general purpose debt or it is going to be self-sustaining. And the whole idea is that if the Manitoba Development Corporation can service that debt, that is, provide the funds to service it, although mechanically being serviced by the government, then that would be declared to be self-sustaining. And if that debt were to be entirely paid for by the government, the government would then have to declare it to be of a general purpose nature because it is providing the funds from its own revenue.

I. CHAIRMAN: Mr. Cherniack.

I. CHERNIACK: Mr. Chairman, Mr. Benditt said that if, for example, MDC, the debt were taken over by the government and left MDC clear of debt, that's what he said, then the government might say, if the MDC could pay it, that it would be self-sustaining. How could MDC possibly be cleared of the debt and still consider that it's going to pay the debt in the future? It seems to me that self-sustaining is where the debt, itself, has a charge against it which is expected to raise and pay off.

CHAIRMAN: Mr. Benditt.

BENDITT: Mr. Chairman, I probably should have said, not cleared of debt but cleared of the interest of the securities. The intention of this particular section is, due to the fact that it has been practiced for some time now, in most cases, to issue securities in the name of the Province of Manitoba and to make advances to government corporations, and it appears that this policy may well continue; that at some point in the future there will be fewer and fewer Crown Corporation securities outstanding and no real need for those Crown Corporations to maintain servicing facilities, that the government could take over the servicing of the debt. But if the Crown Corporation is paying for it, and the likelihood is, in most cases such as Hydro and Telephones, that they will then that debt would be declared by the government to be self-sustaining debt, that the government will simply be servicing that debt; and if the government were to repay it on maturity, have to refund it, the new debt would, perhaps in the name of the Province of Manitoba itself, then be self-sustaining debt.

CHAIRMAN: Mr. Cherniack.

CHERNIACK: Mr. Chairman, if the Province of Manitoba borrows money and lends it to Hydro, surely it takes security from Hydro and Hydro is obligated to repay that to the government. Wouldn't the government, when it lends the money, then allocate that loan to Hydro against debt owing to the public, that is, to the bond holder; and then Mr. Benditt suggests it could

either call it self-sustaining or general purpose. I assume that that is correct, that if it borrows Hydro and lends it to Hydro, then it will be self-sustaining. If, however, it borrows the money and lends it to some other agency, which is a loser, then it can say, "Well, we'll never get our money back, so we'll call it general purpose." The Federal Government gets around it by calling it a grant and I'm just wondering whether the Lieutenant-Governor should have the right to do as it does to say self-sustaining or general purpose, or whether it isn't a judgmental matter which should come before the Auditor, or which the Auditor is required to comment on, because we've had so much debate about what is self-sustaining, what is general purpose, that either we should eliminate the difference between the two, or we should remove from the political entity the right to call it either way or the other without having to define it, as it is defined in 76(1).

If 76(1), the government says, well, this is really general purpose, whereas it clearly should be self-sustaining under 76(1), there can be a big argument as to whether or not the Lieutenant-Governor is making a correct judgment in accordance with some guideline, but there's no guideline in 54 and I think there ought to be.

Now, I'd like to ask Mr. Ziprick, if the Lieutenant-Governor uses an arbitrary guideline or guideline, as it says, in an obvious case, well, this is self-sustaining — as I think Mr. Wackie Bennett did in his time when I think he eliminated all debt of the province by transferring it on to agencies and calling them self-sustaining there. What would Mr. Ziprick's role be under the circumstances?

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: Mr. Chairman, what Mr. Benditt has brought up is a point that I did not envisage and that is, assuming guaranteed debt of an agency as a provincial debt under this kind of section because it would be that they cannot sustain it anymore, and because of that reason really in effect you're carrying out the guarantee, because they cannot sustain it so you take it over as a provincial debt. And then there is no question of self-sustaining.

As with regard to the province's securities issued and advanced to an agency, regardless of what the law may say, in essence, it's only self-sustaining when the agency is generating enough income to be able to carry it. If it's not generating income to carry it, whether you call it self-sustaining or not, it's still not self-sustaining. It has to be serviced from the Consolidated Fund. As to at what point exactly it becomes obvious as to when it cannot service, is to some degree an evaluation and judgmental consideration. But having determined that it cannot sustain that debt, then it doesn't matter what the Act says, it is a charge against the Consolidated Fund because it has to pay the debt.

MR. BENDITT: It should be pointed out, Mr. Chairman, that under Section 54 of the Act, the government can borrow, to refund Crown corporation securities which it has guaranteed, and at that time it would have to make the judgment at maturity date as to whether the debt to be issued in the name of the province is going to be self-sustaining debt or general purpose debt. All that happens here is that this allows the government to make a decision during the term of the Crown corporation debt.

MR. CHERNIACK: What is a general purpose debt, how can you call it a general purpose debt if you are lending it to an agency which is expected to pay it back?

MR. BENDITT: Mr. Chairman, that's really a matter of government policy as to whether a particular government, now or in the future, expects any agency to pay any money back when it advances to the agency or grants to the agency. Some future government may decide that it wants no money back from Manitoba Hydro.

MR. CHERNIACK: Then it should do it by grant, it shouldn't suddenly say, we'll call it general purpose. I think that a self-sustaining debt should be converted by grant and cancellation of the debt in order to become general purpose. We've had debates with Mr. Ziprick about CFI, we had debates about whether we should be writing it off, or part of it, and those debates went on, I guess they were internal rather than public, but then they became public because there was a decision made. And then the decision was made in effect by relieving, by buying, I think it was preferred shares from the CFI and giving CFI the money on preferred shares with which to pay off the debt, with in effect, created a grant but yet a retention of the possibility that as the company grows, maybe it will be able to pay it back, but then it should be a grant.

I really think it ought to be a decision of Mr. Ziprick, if any, but I think it should be self-defined as to which it is, and that's why you have 76(1) which gives you the principles on which it

one. Now, under 76(1) if the Lieutenant-Governor-in-Council under 76(1) arbitrarily calls something general Purpose, Mr. Ziprick will certainly, in his report, I'm sure, say, wait a minute, this falls within the description of 76(1) and should be called self-sustaining. I think he would be required to do that, and there would be that kind of restraint. But if Mr. Ziprick has to certify the books, and the Act says the Minister, or the government has the discretion of calling it what it likes, then he may not have the same opportunity to comment, and it may slip by. And I don't think it's right.

I'm not sure I know why it's there at all, because I believe that it has been done in the past, and could be done without this provision. But if it's there, I think it should be removed from complete discretion.

Mr. Benditt has not convinced me that it's necessary, does he believe it's necessary, or is it just that he likes to be tidy in that respect?

R. BENDITT: Mr. Chairman, certainly we like to be tidy, and I agree that if a grant were to be made, that the debt, if there were to be any debt in respect of that grant, that that debt would be a general purpose debt, automatically. And if we were to attempt to call it self-sustaining debt, then I'm sure we would have a comment from the Auditor on the subject.

R. CHERNIACK: Mr. Chairman, I must say, Mr. Benditt fell into the same trap. If we would wish to call it self-sustaining, then Mr. Ziprick would comment. Mr. Benditt will never have the authority to decide which it should be. It's the political authority that makes that decision, and therefore, I think that that is a different thing. Motivations are different, Mr. Chairman, and Mr. Benditt knows that, that what the administration may think is right may not be what the political side agrees with. And the political side should have the final authority, of course. But it should be so defined that it cannot do it in an arbitrary way without being accountable, and that's why I think 76(1) is there and has not been changed. There is no proposal to change 76(1) and that kind of definition makes it clear. If we had that, we wouldn't be arguing, would we?

R. BENDITT: Mr. Chairman, when I was saying that we, I'm talking also with respect to the general purpose debt of the government, not this particular section, I'm talking about the fact that we are defined by this section 76. It might be desirable, if we're talking about self-sustaining in this particular new section, to make it subject to the guidelines as established in Section 76.

R. CHERNIACK: Mr. Chairman, you see, my note to myself was, what are the guidelines? I wasn't even aware of 76(1) until Mr. Anderson brought it to my attention. I would say, as Mr. Benditt says, section 4(3) said, "in accord with the guidelines as set out in Section 76(1), the Lieutenant-Governor shall declare," that answers my concern. I think it does, to the extent that I would buy it, and apparently Mr. Benditt sees no problem with it. So if we had that in, fine, let's go.

R. CHAIRMAN: Are you suggesting an amendment be prepared along those lines?

R. CHERNIACK: Yes, I think it's just . . . Mr. Balkaran would want to see it, but . . .

R. BALKARAN: Would it be sufficient, Mr. Chairman, for Mr. Cherniack's standpoint, if at the beginning of the subsection it simply said, "subject to subsection 76(1)"?

R. CHERNIACK: You tell me whether that's sufficient. I would have thought it should say, "where servicing and repayment of debt is assumed, that under subsection (1) then in accordance with terms of 76(1) the Lieutenant-Governor shall declare." Because I don't think it's subject to, a different kind of a debt. But the definition is there. Or "in accordance with Section 76."

R. BALKARAN: Would you be satisfied, Mr. Cherniack, if we put at the end, "in accordance with the provisions of Subsection 76(1)"?

R. CHERNIACK: Yes. Either self-sustaining or general purpose debt in accordance with provisions of 76.

R. BALKARAN: (1).

R. CHERNIACK: No, not (1). 76, because (2) is general purpose. (1) is . . .

R. BALKARAN: In accordance with section 76.

MR. CHERNIACK: Right. Yes, I think so. Shall I move that, Mr. Chairman?

MR. CHARIMAN: Please do.

MR. CHERNIACK: I move, that at the end of proposed 54.3 subsection (2), the words be added as follows: "in accordance with Section 76".

MR. BALKARAN: The provisions of section . . .

MR. CHERNIACK: I'm sorry,"in accordance with the provisions of Section 76".

MR. CHAIRMAN: You've heard the amendment. Is it agreed? (Agreed) 54.3(1)—pass; 54.3 amended—pass.

MR. CHERNIACK: Mr. Chairman, did you pass 3, sub (3)?

MR. CHAIRMAN: No, not yet. I'm on 54.3(2) as amended—pass. 54.3(3)— Mr. Cherniack.

MR. CHERNIACK: I want to pass that. It's 54.3 I want to do. The whole section.

MR. CHAIRMAN: 54.3(3)—pass. Section 35.

MR. CHERNIACK: Mr. Chairman, I want to ask whether this section is what will be used, a becomes necessary in order to transfer substantial hydro debt to the province.

MR. MINAKER: Mr. Chairman, my understanding is, no it won't be.

MR. CHERNIACK: By what technique is that going to be done?

MR. CURTIS: The intention is for the government to introduce a separate bill which will provide for the transfer.

MR. CHERNIACK: Could it not be done under this section, without the need of a separate bill?

MR. CURTIS: Our understanding in discussion of the legislation with the Legislative Counsel is that we would have to have separate legislation.

MR. CHERNIACK: Yet, from reading this, the Lieutenant-Governor may assume the servicing & repayment of debt obligations of a government agency, so I marvel at the opinion reported to that it must be by special Act. It seems to me that this gives all the authority that's needed for the government to assume telephone system debt, or MDC debt or, I don't know if I'm asking for a legal opinion from a person that isn't here, that's the danger.

MR. BALKARAN: I don't know what opinion Mr. Tallin gave, Mr. Chairman, but I'm just going to assume that perhaps in assuming some of these obligations, there may be a lot more detail that we need to have to be covered than just general language authority as set out in 54.3. I am privy to some of those terms and conditions under which some of those debts are going to be assumed, but then perhaps maybe more specific authority is required than is set out in 54.3 here. I don't know if I am correct, Mr. Curtis.

MR. CURTIS: Mr. Chairman, that's my understanding.

MR. CHERNIACK: Mr. Chairman, I'll let it go, of course. We are assured that it will not be done except by special Act. So that's clear. The fact is, I still believe it can be done under this section because it says the terms and conditions that may be established by the Lieutenant-Governor-in-Council. I think it gives them complete authority. I'm not sure the Cabinet should have that authority, but I understand it doesn't assert it, and if in the future it does, that it will be a political question as to whether or not it did the right thing. No other comment.

MR. CHAIRMAN: Section 35 as amended—pass. Mr. Balkaran.

IR. BALKARAN: I wonder if we may go back now to Section 25 to consider new 38(4)?

IR. CHAIRMAN: That's a good idea.

IR. CHERNIACK: Mr. Blake isn't here.

IR. CHAIRMAN: I'm sure another member of the committee would be pleased to move the amendment. Mr. Orchard.

IR. ORCHARD: Proposed, Mr. Chairman, that a new section 38 to The Financial Administration Act, as set out in Section 25 of Bill 2, be amended by adding thereto, immediately after subsection (1) thereof the following subsection: "Lapse of borrowing and expenditure authority, Section 38(4) as at March 31, 1979 any borrowings and expenditure authority of a general purpose nature, provided at any annual loan Act, as differentiated from borrowing in expenditure authority of the self-sustaining nature, lapses, and shall be written off".

R. CHAIRMAN: The amendment as moved by Mr. Orchard. Is there any discussion? Amendment—pass. Section 25 as amended—pass. Section 36, there is an amendment. Mr. Orchard.

R. ORCHARD: Mr. Chairman, I'd like to propose an amendment to the motion that proposed new subsection 56(1) to the Financial Administration Act as set out in Section No. 36, of Bill No. 2, be struck out and the following subsection be substituted therefor:

Annual Debt Charges.

Section 56(1) Notwithstanding any other provision of this Act or any other Act of the Legislature any regulation or order, there shall be allocated annually from the Consolidated Fund

(a) the amount required to be allocated annually for a sinking fund or other means of retirement debt, and there shall be charged annually to the Consolidated Fund

(b) the amount required for the payment of interest;

(c) amount sufficient to pay or otherwise satisfy the discount or the loss, and all other costs and expenses incurred or sustained upon or in connection with the placement, sale or other disposition of provincial securities that constitute the debt;

(d) amounts sufficient to pay or otherwise satisfy bank charges and the cost of premiums and foreign exchange and all other costs and expenses incurred or sustained in connection with the principal sum of, or interest upon, the debt; and

(e) interest allowed and paid from the Consolidated Fund under subsection No. 43(2);

in respect of money held in trust and the annual or other amounts so allocated or charged are statutory provisions which do not require to be voted annually by the Legislature.

R. CHAIRMAN: The amendment moved by Mr. Orchard, is there any discussion or questions? Cherniack.

R. CHERNIACK: Well, Mr. Chairman, I remember that this is what we agreed would happen and frankly I don't quite remember all the discussion relating to the reason but it is what we agreed would be an improvement.

R. CHAIRMAN: The amendment—pass? 36 as amended—pass.

Section No. 37 was held, I believe there is an amendment to that too. Mr. Orchard or Mr. Blake, would you move?

R. BLAKE: That proposed new section 56.1 to the Financial Administration Act as set out in Section 37 of Bill No. 2, be amended by striking out the word, "where" in the first line thereof and substituting therefor the words "subject to the requirements of any sinking fund legislation are."

R. CHAIRMAN: Mr. Cherniack.

R. CHERNIACK: Is it only by legislation is there any occasion when there is a borrowing made where there are sinking funds set out in the O/C contract, whatever? I don't know the answer.

MR. CHAIRMAN: Mr. Curtis.

MR. CURTIS: Certain types of loans have in the past provided for specific amounts to be provide In most cases they were, not all cases, they were higher than what otherwise would have be the normal sinking fund.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: When Mr. Curtis says the normal sinking fund, is he referring back to that percent that we've already dealt with?

MR. CURTIS: Yes.

MR. CHERNIACK: So that this would be over, above and beyond the 3 percent which required.

MR. CURTIS: Mr. Chairman, that's correct.

MR. CHAIRMAN: Any further discussion on the amendment? The amendment as —pass. Secti 37, as amended—pass. moved—pass. 56.1 as amended Section 39 would seem to be the n section. Mr. Blake.

MR. BLAKE: Yes, that proposed new Section 58 to the Financial Administration Act as set c in Section 39, of Bill No. 2, be amended by striking out the word "Minister" in the fourth line there and substituting therefor the words "Lieutenant-Governor-in-Council. "

MR. CHAIRMAN: The amendment as moved —pass. (a) as amended—pass; —pass. N (b)—pass; 58—pass; Secion 39 as amended is Section 50. Section 50—pass — I Cherniack.

MR. CHERNIACK: Mr. Chairman, I'm just trying to review what it could possibly mean. I do think we've had a report yet on what it means, unless Mr. Craik can clarify — I think this is one sentence, isn't it?

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Mr. Chairman, actually it comes about as a recommendation from the Legislat Counsel during the transition period and it's his wording as far as the details are concerned. course it's recommended by the Finance people, drafted by Mr. Tallin and the only other th I can do is ask Mr. Ziprick whether he feels okay about it. I think everybody else has been consult He probably has been too.

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: Mr. Chairman, I don't really understand it but we'll do what's reasonable.

MR. CHAIRMAN: Mr. Anderson.

MR. ANDERSON: Mr. Chairman, I could give one or two examples that we can think of at time. We talked about Section 17(4) and 17(5) in Revenue Accruals, Revenue Deferrals. We we want to ensure comparative statement from year to year and because of the fact that the reven had not been accrued in the past we would want to start in the transitional way not to dou count the revenues, and according to legislative counsel this would give us the ability to bring the transitional provisions in a way that would not distort the financial statements by account both cash revenues and accrual revenues in one year. That's one example.

There are also the transitional provisions. We talked about closing out the depreciation reser things like that. Those are administrative and have to be wound down and we would have to rep back to the Legislature how There may be we wound them down. Those are just two of examples.

unforeseen things that we can't consider, but that's how the legislative counsel wrote up, we would have to report back to you and then do all of these things.

MR. CHERNIACK: The important thing, Mr. Chairman, is that whatever statement we look at such as the one we have before us, March 31st, 1978, year end, and the next one should have a continuity, and I'm just wondering about the provision in this section that makes it possible to do part and not all. I'm wondering whether — I guess it would be quite a burden to do it but whether you wouldn't have two sets of books for this transitional year, one the old way and one the new way. Or whether the Public Accounts for this next period will have to show the comparison between the old and the new, like Mr. Ziprick attempted to do in a conjectural way in his reports for that previous fiscal year where he showed a sort of a statement that would be —(Interjection)— No, he showed an assets and liabilities statement based on the proposed changes. Surely the next time we get from the Department of Finance a report, it should have side by side the two methods and a table of explanation of the changes and how they occur, so that there will be clarity involved for all people. And I hope there'll be clarity and necessarily the clarity would have to be greater than the section itself which none of us has the courage to claim to understand. And very often is the case that when we don't understand something we rely on our servants, in the proper sense of the term, to tell us, such as legislative counsel and the auditor. But what about that suggestion? Firstly the concern that you do part and not all and that may not be good, and secondly, the thought of having two comparable statements, one in each way.

R. ANDERSON: Mr. Chairman, Sections 50 and 51, should be read almost as companion sections. The reason for certain things commencing in 51, is so that we will be able to provide the comparative statements as at April 1, 1978. We would translate the old year figures as Mr. Ziprick had done in a rough way in his report, so that you would be able to see then the 1978 results as compared to the 1979 results in a comparative consistent manner, and that's why these two sections are very much linked together. Perhaps Mr. Ziprick would like to further on the second sentence.

R. ZIPRICK: Mr. Chairman, that was my understanding that the Public Accounts for the fiscal year ended March 31st, 1979, will have a statement which will show the position as at April 1, 1978, that will be consistent with the new practice and that there will be a flow-through as to how a transfer was made from March 31, 1978, to April 1, which starts the new system, and so that I disclose the transition period on a comparative basis.

R. CHERNIACK: Well, Mr. Chairman, apparently there are not two sets of books required, there are two sets of statements required — that's a more correct description of it — and there would have to be a statement as of the year end and the year beginning, and that's really I suppose at second of midnight — there's a change in the statement, the end statement and the beginning statement which normally are exactly the same, in this case would be different. And that is why, Mr. Chairman, I will argue, and Mr. Ziprick is right in saying 50-50, or Mr. Anderson said 50-50, they should be together. That would make much more sense to make this April 1st, 1979, the whole thing. I'm sorry, March 31st, 1979, and then we know exactly where we're at rather than going back all year to do something which unless it was done without authority would not be done. And I think it would be a lot better to do it in such a way that you don't even have to have that in-again, out-again feature of 50, where you can do part and not all but some, and therefore why would it not be smoother to say the retroactivity will be March 31st, 1979, which is behind us, and then these statements will come forward in such a way as to reflect what actually happened, and that that the law is going to be passed soon, and in this current fiscal year and not more than a year ago.

R. ZIPRICK: Mr. Chairman, to make it effective, March or April 1, 1979, would present problems that although lately, and we've gone through and as far as we're concerned, whatever has been done legally, there have been certain changes effected that have a substantial implication on the Public Accounts for the year ended March 31, 1979. Now, if you don't make this retroactive, you'd have major changes in accounting policy that the Minister of Finance and the government are able to do under the Act now, and then you'd have further major changes for the fiscal year-end March 31, after this Act is passed. And you'd have a two-year transition period, which would give many of the problems in comparability. This way, by starting as of April 1, 1978, for the fiscal year ended March 31, 1979, that one year will pick up all the major changes in transition, and as a result, present a much better picture.

R. CHERNIACK: Well, Mr. Chairman, that's a logical explanation. It just points out to me that government jumped the gun by a year, because the minister ordered substantial changes to be made in the year during which he had certain authority, and not complete authority, and thus the passage of this bill creates a problem of two years, as Mr. Ziprick says, then it means

to me that the government should not have done what it did until it had the whole package ready to go — the whole framework within which to work. So then, I believe the retroactivity feature here to take care of the fact that the government was precipitous in making a decision over a year ago, or about a year ago, to do certain things in a partial way.

MR. CRAIK: Mr. Chairman, I want to point out that it should come as no surprise. We said from Square One we were going to make certain changes, the amalgamation of the Revenue Division and the Capital Division, and so on, and it's been stated over and over and over again, and the fact that people are at work getting prepared for the new system and working on the accounts should come as really no surprise, in fact, that that and other things are being done, and I do think that the point is a very valid one. It's a judgmental decision as to when the change takes place. The work is well under way; it's spelled out here, and as the Provincial Auditor said, we can now get done a job that otherwise would have spread out over a longer period of time. Most of the things that have been done, of course, have been done under authority that already existed.

MR. CHERNIACK: Mr. Chairman, I was assuming that everything that has been done is under existing authority, not just many of them but all of them, and that doesn't derogate from my statement which I made yesterday. I think that firstly, retroactivity is something that has to be checked very carefully, and justified very fully, and in this case I believe it is being justified on the basis that there was no question that the government said they were going to do it, and I, for one, never disagreed with the intent. But it is still the fact that the government did do in this last year what it said it would do, but only partially, and is now completing it. So my criticism is there. I certainly cannot vote against this, because once it was done as it was done by the government, and I think wrongly, then we need Sections 50 and 51 apparently, to make it work more smoothly and a better than would have happened if it were not done by the government as it did it. But since it chose to do it, then I think we should go along and assist it in simplifying the presentation in one year rather than two.

MR. CRAIK: Mr. Chairman, just to correct a comment that I made. The implication was that some of the moves may have not had authority. Everything that has been done is under existing authority and there's nothing . . .

MR. MILLER: Yes, no impression.

MR. CHAIRMAN: Section 50—pass; Section 51—pass; Preamble—pass; Title—pass. Bill reported. Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, in view of the very, very substantial amendments to the bill, we expect that there will be a revised bill prepared and distributed before it is dealt with in House? I think that's the practice.

MR. CRAIK: Well, today is Friday, and we probably won't deal with it next week, so I presume that the printer can get to work.

MR. CHAIRMAN: . . . for two days anyway. Bill be reported—pass.

MR. CRAIK: Mr. Chairman, re the next sitting, we'll have the House Leader hopefully by the sitting at 2:30, have clarified when we may have another sitting of the committee, and hopefully announce at that point.

MR. CHAIRMAN: It was indicated to me by the Government House Leader last night, that if the committee didn't finish this bill this morning that they would sit again this evening at 8:00 o'clock. But now we have, I'm not sure whether we will or not.

MR. CRAIK: Well, the only other question would be as to whether it's at parallel with Public Utilities tomorrow morning, to deal with the Grey Books, but we can leave until 2:30 anyway.

MR. MILLER: You have to be at Public Utilities.

MR. CRAIK: I have to be at Public Utilities.

IR. MILLER: No, you have to be at Public Utilities.

IR. CRAIK: Mr. Minaker might want to sit instead.

IR. CHAIRMAN: Committee rise.