

**LEGISLATIVE ASSEMBLY OF MANITOBA  
THE STANDING COMMITTEE ON PUBLIC ACCOUNTS  
Thursday, 26 February, 1981**

**Time — 10:00 a.m.**

**CHAIRMAN — Mr. D. James Walding (St. Vital).**

**AUDITOR'S REPORT**

**MR. CHAIRMAN:** I have a quorum, gentlemen, the committee will come to order. I have two reports referred to the committee; the report of the Provincial Auditor and the report of the Public Accounts. It's customary for the committee to deal first with the Auditor's Report. If that's agreed, (agreed) then we then move to Page 1. Page 1 — pass; Page 2 — pass — Mr. Miller.

**MR. SAUL A. MILLER (Seven Oaks):** Page 2 — pass.

**MR. CHAIRMAN:** Page 2 — pass; Page 3 — Mr. Miller.

**MR. MILLER:** Mr. Chairman, on Page 3, reference is made in the first section, No. 1, about revenue from Canada as being recorded on an accrued basis and amounting this year to \$33 million. I'd like a better explanation of that. Is this money that is known to be owing from Ottawa to Winnipeg or to Manitoba and is it an established amount or is it an estimated amount by the Department? Does it still have to be audited by the Federal Government and can that amount vary?

**MR. CHAIRMAN:** Mr. Ziprick.

**MR. W.K. ZIPRICK:** This is basically the established amount. There are really no estimates; this is the amount that was subsequently received.

**MR. MILLER:** Whenever you treat an amount as an accrued amount or an accrual, it's not something that then may vary because after an audit of the books, as in the past, that Ottawa says no, we don't owe so much, we'll owe you more or we owe you less; an amount that you'll be using as an accrued credit will be a firm and known amount, whether it's \$33 million this year or some future amount.

**MR. ZIPRICK:** As I understand it, if I'm wrong the people from Finance can confirm this, but as I understand it, the best known position at June 30th, of the amount receiveable from Canada is established and that's what's recorded.

**MR. CHAIRMAN:** Mr. Curtis, can you answer that?

**MR. C.E. CURTIS:** What Mr. Ziprick said is correct. We are in fact recording the amounts that we have had established with Ottawa and they relate to programs generally where we have spent money for a shared-cost program. So we are in fact recovering the funds that are owed to us. We also set up amounts that have been agreed as to liability on their part to us that they will be paying us in the next

period of time after the year, but applies to the year that we are looking at. Where we may receive funds that don't reflect in a year and in this case, 1979-80, they are for recalculations by the Federal Government where we have no input into the specific calculation.

**MR. MILLER:** However, this year as I understand it, what it says here, to avoid this year's revenue from including previous fiscal year's accrued items, the accrued credits for this fiscal year which amount to \$33 million were recorded as a reduction. It's only for this year that they'll be treated as a reduction. In the future they'll be treated as accrued revenue or as revenue actually. This is what, to avoid the, as you say the doubling up effect, or will that not happen, or that can't happen next year because you'll have introduced the new system. —(Interjection)— I see, all right.

**MR. CHAIRMAN:** For the questions on Page 3. Page 3 — pass; Page 4 — Mr. Miller.

**MR. MILLER:** I thought that he had a question, I'm sorry. With regard, on page 3, to the Debt Retirement Reserve, this is merged, as it says here April 1, 1978, but it's recorded as a reduction of the public debt expenditure, so that what you're saying is that as a reserve, whatever comes in in that year on the reserve is a reduction from the debt rather than revenue. Is that what you're just saying?

**MR. ZIPRICK:** Previously, the income investment income from this reserve was treated as revenue, whereas investment income from sinking fund investments was treated as a reduction of expenses, so that to be consistent now that's its being merged with the sinking fund, it's just treated as a part of the sinking, in the same manner as the sinking fund revenue.

**MR. MILLER:** It's all lumped in together now, the sinking fund and the interest on the reserve. I see, all right.

**MR. CHAIRMAN:** Any further questions on Page 3? Mr. Miller.

**MR. MILLER:** Yes, the Special Municipal Loan and Emergency Fund, I gather here is discontinued. Is that fund still in existence though?

**MR. ZIPRICK:** The fund is still in existence but it really hasn't been used. Expenditures were made from the appropriation; it would be seen in the Public Accounts that the balance is the same at the start of the year and at the end of the year.

**MR. MILLER:** What happens with the amount that's sitting in that fund now?

**MR. ZIPRICK:** Probably the Department of Finance would be better to comment on that because that gets into a policy that I'm not quite sure . . .

**MR. CURTIS:** The basic principal that the department has worked under in the last year or so

is to eliminate all of the extraneous funds that have been accumulated over a period of time and we will probably be recommending to government to dispose of the fund.

**MR. MILLER:** When Mr. Curtis says dispose of the fund, do you mean to set it up as funds available for spending on specific programs because it's not part of the general appropriation, it's a separate fund?

**MR. CURTIS:** That's right.

**MR. MILLER:** When you say to get rid of it, you're saying that in this year or some future year, now that fund could be used to fund a particular program or project, let it deplete to zero, but that would not show in the appropriations or the estimates for that year.

**MR. CURTIS:** The basic principal that we are working under or attempting to work under is to have all expenditure programs reflected through the appropriations and not use or utilize existing funds. I think our preference would be to take the fund back into Consolidated Revenue and when there is an expenditure, have it reflected in the expenditure appropriations and be required to be voted by the Legislature. Therefore you eliminate any ability to fund a program out of a surplus, in effect.

**MR. MILLER:** All right. So in other words, this might appear, if you're moving in that direction, in the Revenue Estimates as an amount being transferred

...

**MR. CURTIS:** You could transfer it back into the Consolidated Fund revenue.

**MR. MILLER:** To the Consolidated Fund. This is how you think you might do it?

**MR. CURTIS:** That's what I'd probably want to recommend. But as I say, the government hasn't had a chance to look at it.

**MR. MILLER:** I see.

**MR. CHAIRMAN:** Okay that's (4).  
Mr. Uskiw.

**MR. SAMUEL USKIW:** Mr. Chairman, on Item 5, the discontinuation of the Revolving Fund for both the Veterinary Drug Centre and the Semen Distribution Centre, how does the new system allow for these two distribution centres to function where they can't accurately predict their volume in advance? What happens if they have a shortfall of appropriations then? Is that a special warrant situation then?

**MR. CURTIS:** It would require supplementary funding either by a Supply Bill, if the House is sitting, or by Special Warrant. Of course, we do record the Special Warrants in the Public Accounts, so they are reflected in some detail.

**MR. USKIW:** The other question I have there is whether or not that restricts either distribution centre from being able to take advantage of bulk buying under certain circumstances where they might be able to buy at, say, the right price so to speak on a

volume basis. I know that this is the way they function or have functioned in the past and sometimes if you are able to buy a large allotment of goods, as you would expect, you might be able to get a much better price for your product and therefore pass that on to the user, which is the intent of the program. Does this in any jeopardize that ability on the part of these two distribution centres?

**MR. CHAIRMAN:** Mr. Ransom.

**HON. BRIAN RANSOM (Souris-Killarney):** I don't think that we've encountered that, Mr. Chairman. Certainly I, as Chairman of the Treasury Board, would be open to listening to any recommendation that the Minister of Agriculture had to deal with a situation that arose unexpectedly. If I recall correctly, and it may not be accurate, but if I recall correctly I think we dealt with a problem in this past, in the year that we're in, with the Distribution Centre and made some adjustment.

**MR. USKIW:** The reason I raised those questions, Mr. Chairman, is I know that the two agencies involved resisted this approach for a long time. Now I'm not saying they were right in doing so but the reasons are obvious why they would want to resist this kind of method of handling those two systems. But presumably, if it's working, that's fine. But I would hope that this doesn't put strains on them where they can't function in the way that they were intended to.

**MR. CHAIRMAN:** Mr. Ziprick.

**MR. ZIPRICK:** From our experience, from what we see, there should be no difficulty because the Estimates are made up with the idea of the extent that they intend to operate for that year and to that extent the money is voted and more than likely that's the way the operations will go. Now, if a situation arises where substantial inventories would be desirable because of prices or other methods, I think that then additional money is required and there are certain risks involved with the inventory and it should be a government policy that should be approved. If it's submitted to the Treasury Board, just as the Minister said here, generally there is no difficulty. On the other hand, if there is difficulty, it's a justifiable difficulty because as a matter of policy, the risks are not being taken as a whole.

**MR. USKIW:** Well Mr. Chairman, I fully appreciate the logic in Mr. Ziprick's argument for this system. You know, I just happen to recall so vividly, situations where departments had to wait for months for a Treasury Board decision, simply because Treasury Board was unable to get their work done and just didn't get to their item, you see. So that's the reason I raised the question. If it's sitting on the desk of the Treasury Board waiting to be approved for months on end, then you do in fact jeopardize their ability to function.

**MR. RANSOM:** I think that Treasury Board does deal with things more quickly than they used to because the structure has changed, as you know, and I would say that probably 90 percent or 95 percent of the submissions that come to Treasury Board are dealt with within one week.

**MR. CHAIRMAN:** Mr. Miller.

**MR. MILLER:** Mr. Chairman, I understand the system and I understand why it is a better control. On the other hand, it is possible, like in any business, a buy comes up immediately, you can take advantage of it — in any business, if you can take advantage of a situation, you take advantage of it — and to the extent that it has to go through Treasury, no matter how fast it is, it might inhibit an operation. But as I gather from Mr. Ziprick or from the Minister, that hasn't occurred and there's been no untoward problem. In the early years, I know, when they were still trying to figure out what to do and how to do it, I know that time was of essence to them, but I suppose now they've got a number of years under their belts so I suppose they know what they're doing and can plan ahead much better than they used to.

**MR. CHAIRMAN:** Any further questions on Page 3? Mr. Miller.

**MR. MILLER:** The Liquor Commission advance, when you say this is working capital, you mean this is for liquid capital, not for construction?

**MR. ZIPRICK:** That's for working capital and it's not that they're expanding their inventories, but the way the cash flowed before, prior to this being recorded, the profits were transferred after the year-end but were taken in by the province as of the year, resulting in a position where, on the surface they were getting by with, I think it was a little over \$2 million of working capital, but in effect they transferred their profits. Right at year-end, their working capital was too low. So now, by recording the full and additional \$2 million, it more properly reflects the working capital requirement of the Liquor Commission.

**MR. MILLER:** All right, so they'll retain those \$2 million as working capital and only the amount over \$2 million will be transferred to the province, or the profit will then go to the province, but they'll retain — it's almost a reserve of \$2 million that they're retaining for working capital.

**MR. ZIPRICK:** That's right. Their working capital authority has now been increased to \$4 million. In effect, prior to that, the requirement was more than \$2 million but the way they had acquired working capital was by slowing the transfer of the profits. Now what is being done is the profits are being transferred more promptly, resulting in a requirement for advance.

**MR. MILLER:** Yes, so that basically the reserve is, and I call it a reserve, they are retaining \$4.5 million for working capital purposes and that will be so that they'll be able to replace stock, etc., and instead of waiting until year-end, the cash flow from the Commission to the Consolidated Fund is on a monthly, or quarterly or whatever basis. Is that the idea of it?

**MR. ZIPRICK:** Yes, the profits are being transferred, I think, semi-monthly.

**MR. MILLER:** So it improves the cash flow for the consolidated fund.

**MR. CHAIRMAN:** Mr. Curtis.

**MR. CURTIS:** It also reflects the exact annual profit since they have to pay us the cash and then we give them back an advance which is an accounts receivable.

**MR. CHAIRMAN:** Any further questions on Page 3? Page 3 — pass; Page 4 — Mr. Uskiw.

**MR. USKIW:** Mr. Chairman, I wonder if we could get a good example of an indirect liability that we're talking about here. What would be a good example of that? I'm not sure if I understand what is happening here?

**MR. ZIPRICK:** A good example of the indirect liability is the guaranteed advances for school construction. Now the school construction guarantees are up to about a quarter of a billion dollars. In excess of 90 percent of that is funded from the Consolidated Fund, so in effect, although it's guaranteed, it's just technically guaranteed and the monies for paying it off are being raised from the general revenues of the province, the Consolidated Fund.

**MR. CHAIRMAN:** Any further questions on Page 4? Page 4 — pass; Page 5 — Mr. Miller.

**MR. MILLER:** Mr. Chairman, on this working capital, assets, current amounts due from Canada and other external sources, that amount shows and increase in the assets. Is this because of the accrual system that you have gone into or what? I'm not quite sure because it says the increase in current amounts due from Canada and other external sources arose from change in accounting policy. So it's really not a new figure, it's just a new accounting system of showing that figure, I gather?

**MR. ZIPRICK:** Mr. Chairman, that's right. That figure referred to before in excess of 30 million, increases that amount receivable and as a result increases the working capital position.

**MR. MILLER:** So it shows as an increase in the assets because that's an amount owing to Manitoba from Canada and so the assets are increased accordingly and, as you indicated, that is not an estimated amount but that is an amount that you can depend on.

**MR. ZIPRICK:** There might be some minor adjustments because every item has probably not been fully approved specifically by Canada, but it's of the kind that will be pretty reliable.

**MR. MILLER:** What I'm getting at is it's not the sort of amount that occurs from time to time, where two years later the Government of Canada says we made a mistake it's not \$35 million it's \$2 million, or we made a mistake you owe us \$35, we don't owe you \$35, which has happened in the past. So this amount is something that you can depend upon as a figure.

**MR. ZIPRICK:** That's right, that is an amount that can be relied upon. In some instances where it's a recovery of expenditure when they go through they might disallow some minor expenses that have to be changed but it's relatively minor.

**MR. MILLER:** Okay.

**MR. CHAIRMAN:** Any further questions on Page 5? Page 5 — pass; Page 6 — Mr. Uskiw.

**MR. USKIW:** Yes, Mr. Chairman, on the top of Page 6, the write-off of Northern Affairs Prefab Housing Plant, that is because of what? Is that program closed off or terminated?

**MR. ZIPRICK:** Mr. Chairman, that's right. That's a program that was undertaken for the construction of housing. It was being carried on for quite some period of time. There's working capital advances and other advances. There was a deficiency when the program was finalized and this amount is now written off. A more full explanation is made on Page 30 in this report on that.

**MR. CHAIRMAN:** Mr. Uskiw. Any further questions on Page 6? Mr. Miller.

**MR. MILLER:** Mr. Chairman, one Page 6, the explanation with regard — it refers maybe back to 5 where it shows Tantalum Mining Corporation — this is, you say, Mr. Ziprick, market value at the time that you did the books or the books were closed off. Is this the market value of the shares which are held by the Province of Manitoba, which were held by MDC and are now taken over by the province?

**MR. ZIPRICK:** At the time that this transaction was finalized this was the amount that was being offered and the shares could have been sold for at that time. The Department of Finance took these shares over at that price that the MDC could have sold it to other parties at that time.

**MR. MILLER:** It's market value at the time that the deal was made. It doesn't reflect any increase in market value subsequent to that or any fluctuations in market value which may occur.

**MR. ZIPRICK:** No, this is the position at the time the deal was being finalized, the market value established at that particular time. Whatever has taken place since that time is while it's under the control of the Department of Finance.

**MR. MILLER:** Well we have to assume that the market value was perhaps valid, was \$3.3 million whenever this took place — what a year ago or two years ago, whatever. But that today the value might indeed be \$4 million, not \$3.3. By value I mean the market value, if you sold it on the market today, that it could realize not just \$3.3 but could realize considerable growth.

**MR. ZIPRICK:** I don't think that these shares are trading in the market place that you could establish a market at this point in time. If there were you could, if not the only way you could establish the market is if you placed them on the market and determined what would be offered for them.

**MR. MILLER:** I see, okay.

**MR. CHAIRMAN:** Any further questions on Page 6? Page 6 — pass; Page 7 — Mr. Uskiw.

**MR. USKIW:** Yes, Mr. Chairman. The reference here to McKenzie Seeds' increase of \$2.4 million of the

Manitoba Development Corporation in respect of the increased deficit of A.E. McKenzie and so on, subsidiaries. Doesn't it make sense, Mr. Chairman, to refinance that whole operation so that it is operating on the basis of what one would consider a sound financial setup if you like, through some degree of equity that the province would want to take on in order to reduce the amount of carrying charges? As I understand it, we are virtually carrying the total value against that company, are we not? What is the equity portion of the province in McKenzie Seeds at the moment?

**MR. ZIPRICK:** I have to look at the financial statements to determine that, but these are advances that have been made to assist the company. Now, if you converted it into equity in effect you're creating a subsidy because the province has to pay for the money so it creates a subsidy. Now the question that arises as to whether this should be done or not is a policy matter. I don't know whether by creating equity and reducing the charge whether the incentive for production would be more, and if it would be more then there'd be a logic to do it. If it wouldn't change, there wouldn't be much difference because it's only when this company becomes more productive and whatever way it does become more productive increases the overall return.

**MR. USKIW:** The only problem with that assumption is that it's somewhat abnormal in the sense that if there is no equity at all, then what we are doing is paying carrying charges on the total amount of money that is put into that company by the province. Unlike what takes place generally in the private sector, usually there is some equity, some shares, that are owned by the shareholders and paid for and therefore the outstanding liabilities are less by that amount. Isn't this abnormal to structure a company in this way in terms of generally accepted business practices?

**MR. ZIPRICK:** I wouldn't say it's abnormal. In the private sector nobody hands out money without expecting a return.

**MR. USKIW:** That is correct.

**MR. ZIPRICK:** A return is expected. The only thing is that in equity investment you don't expect a return on a fixed particular time, but if you know that you're not going to get a return, you're not likely to contribute money. So in this case it's an internal operation, taking in the broad context, it's a government operation. Normally in the private sector under these kinds of conditions, the company would probably have difficulty in operating because they would be short of working capital and people would be concerned about its viability and a possible bankruptcy and loss. Now as long as the government is behind this operation that is not a problem; nobody worries about providing service to this company because they are going to go broke, so that's taken out. The question then arises really on incentive, as to whether by taking off some of the charge and making it possible to present a better picture that you will increase the incentive of management and the operations to produce more

effectively. In some instances it's desirable, in other instances it's questionable.

**MR. USKIW:** Mr. Chairman, I don't know what the current status is of McKenzie Seeds but my impression has been and is at the moment that they are a viable operation. Are you suggesting, Mr. Ziprick, that is questionable?

**MR. ZIPRICK:** They were having difficulties and they've reorganized and further on in this report we comment that on the basis of the reorganization and the kind of information that they put together it seems to be a viable operation but it still has to prove itself.

**MR. CHAIRMAN:** Mr. Miller.

**MR. MILLER:** Mr. Chairman, with the kind of loans that they are having to pay interest on, which is almost everything they have, it's almost inconceivable that they're going to be able to show a profit and loss statement which doesn't indicate red ink, because the carrying charges that they're paying on this loan — it's all loan — put them almost in a position where, no matter how successful they are on their sales, on their operation, the costs of their interest rates are constantly going to be there to reduce that profit to a net position which is very different from the private sector where usually there is a mixable; there is equity; the investors put in money and hope to recover eventually from dividends or share value. But the amount that they have to go to the bank for is considerably less, just regular working capital. So I'm wondering whether the government is giving thought to converting some of that loan to equity and giving McKenzie Seeds its chance to show that actually they are viable and they can make a profit as if they were a private company operating as any normal private company might.

**MR. CHAIRMAN:** Mr. Ransom.

**MR. RANSOM:** Mr. Chairman, I think that the discussion of the policy with respect to the future of McKenzie Seeds would be more appropriately discussed with the Minister responsible for MDC. I don't whether this question was discussed in the committee that met recently. I'm not in a position to make policy statements about the future operation of the company and we've been dealing here is the accounting that has been carried out with respect to the company in the past.

**MR. ZIPRICK:** Just as a matter of information, in the past McKenzie Seeds has always appeared before the committee. Its board has always appeared before the committee. They haven't appeared before a committee this year as yet.

**MR. CHAIRMAN:** Any further questions on Page 7? Mr. Uskiw.

**MR. USKIW:** Mr. Chairman, yes. Mr. Ziprick, you highlight again your concerns with respect to reserve accounts, in particular, with respect to the Department of Highways and the Queen's Printer and you again re-emphasize the need to make that change. What is the department's or government's

logic in resisting that change? Is that something that government is refusing to do or just hasn't got around to doing or what is the position of the policy makers in this regard?

**MR. ZIPRICK:** My understanding is that there's discussions being going on between the Department of Finance and the Department of Highways and there is a good possibility that the change will be made. The difficulties are that they've established a practice along these lines and find it convenient but for a more effective control, I find that this other operation would work better.

**MR. RANSOM:** Mr. Chairman, Mr. Uskiw had referred to some difficulties that he recalled with respect to the funds in the Agricultural Department when he was Minister and I think that this is probably a somewhat similar situation, that from accounting control, the management point of view, that we would prefer to see those types of pools of money disappear and at the moment, discussions are still taking place with the department to try and determine whether in fact their ability to operate would be significantly affected by following the recommendation of the Auditor, but we are pursuing that line.

**MR. MILLER:** I gather — the amount has now grown to about \$12 million, is that right? On Highways, it has grown to about \$12 million and that reserve is used by the department — is built up through depreciation, I suppose, and they simply can acquire or purchase new equipment, either to replace a piece of old equipment, or if the old equipment is obsolete, they simply buy a new piece of equipment, a totally different kind of equipment. In other words, do you know, Mr. Ziprick, whether in fact any of this money is used to replace a similar piece of equipment, or can they just use it for equipment, or just a pool of money and they can buy equipment with it, whether it's a DC-6, or whatever it is?

**MR. ZIPRICK:** The pool, authority, is built up through this kind of charge and then it's used in some instances to replace equipment, in some instances to buy different kinds of equipment. In many instances, it's used to buy additional equipment of the same variety. This is where one of the difficulties in control arises because the more equipment you acquire, the larger your depreciation charge that gets into the appropriation, and it could have a snowballing effect. So you are expanding the fleet without really additional equipment being authorized in the appropriation, other than under an item of a depreciation charge.

**MR. MILLER:** To Mr. Ziprick, I wonder, is it really necessary for governments to depreciate? Now, this isn't a private business where there's a tax benefit which is gained through depreciation. Just as all our assets are shown on the books as valued at \$1.00, this really might be — I'm thinking out loud — couldn't it simply be they require certain moneys every year, the money is voted, but no depreciation is built up, no depreciation charges are levied. Wouldn't that give you the control you want? I'm not sure that the department would be happy, but wouldn't that give you the control you want?

**MR. ZUPRICK:** As I point out in the report, there is a merit for costing some operations of this kind, because the equipment is used to construct highways and if you're going to have a costing system for highways, so that when you're approving a highway you know what it costs, there is merit to include costs of this nature, because equipment costs within a highway are quite significant, including maintenance, and if you're going to cost maintenance by sections of highway, and that's fairly important for good management to cost on that basis, then the only way to cost it is to determine some form of the usage of equipment during the period of this maintenance and allocate that cost.

So there is merit for it, but it doesn't have to be through this legislative process, because specific chunks of highway are not identified individually and cost-controlled through the legislative process. It's a pool that's approved and then the highways are constructed and the various amounts are allocated. This is much the same sort of thing, so that I think it's as a matter of fact, desirable to continue this costing system, because if you did away with it, you would lose control of your cost of maintenance of various highways and the construction of highways. But it does not have to be carried through the legislative process. It would be a cost allocation in the same way as you do for determining what highways were going to be constructed and also determining the portions applicable to the various parts of highways for maintenance.

**MR. MILLER:** Of course, in order to cost out — properly cost out — you have to include the cost of your equipment and everything else that goes into it and that can be done within the department, administratively it can be done within the department. But as I indicated, if they didn't set aside a depreciation amount, which then builds up and for which they are voted appropriations every year, because that's how they accumulate these funds, it's part of their total appropriation. They accumulate them because the funds are voted in the department. They then may or may not spend the money. The likelihood is they do; if it's voted, they're going to spend it on a piece of equipment, whether it's a \$1 million piece of equipment, or a \$100,000 piece of equipment. They're not going to let it lapse and that's how they acquire larger fleets of equipment and keep adding to this depreciation reserve that they've built up. So that I gather from Mr. Ransom's comments that they're still looking at it and you're dealing with the department on that.

**MR. CHAIRMAN:** Any further questions on Page 7? Page 7 — pass; Page 8 — Mr. Uskiw.

**MR. USKIW:** Mr. Chairman, I wonder if we could have a quick summary or statement on the origin of the increase in the public debt, the \$105.7 million, direct public debt, March, 1980 over 1979, \$105.7 million.

**MR. ZIPRICK:** Finance can add more to it, but my understanding is that it is basically to fund the deficit that arises in the operations.

**MR. USKIW:** On the same page, right at the bottom, the foreign debt calculated at exchange

rates at each year end, there is a reduction there of \$13.2 million. Is that simply reflecting a more favourable exchange rate situation at year end?

**MR. ZIPRICK:** There has been an improvement over the year before.

**MR. CHAIRMAN:** Do you have something to add, Mr. Curtis?

**MR. CURTIS:** I was just going to mention, Mr. Chairman, that with respect to the increase in debt, it is itemized in detail in the Public Accounts on Pages 313 and 314, Volume 1.

**MR. CHAIRMAN:** Any further questions on Page 8? Page 8 — pass; Page 9 — pass; Page 10 — pass; Page 11 — pass — Mr. Miller.

**MR. MILLER:** Last year as I recall, and I'm doing this from memory, I believe you recommended a review to evaluate the benefits against the costs of raising these large amounts for sinking fund purposes and that the department or the government should evaluate the benefits versus costs of still continuing to raise money for sinking fund purposes because the amounts are considerable. I see no reference to it here. Are you satisfied that the use of sinking funds is not only required by law as it is now, but that it's actually beneficial to Manitoba?

**MR. ZIPRICK:** Mr. Chairman, as I pointed out last year, I'm not expert in this and we don't have expertise in the most effective way of funding. I raise this matter because just on the basis of general observation there seemed to be merit to consider this. Last year at the Public Accounts Committee it was generally, at least I got the impression, it was the general view by members present that the way it was being done was acceptable so I'm not going to insist any further evaluations if it was felt that I was the only one that considered that there's any kind of merit in doing this. So from now on all I'm saying is that it's being complied with the law. As far as the prices are concerned they're prices that are approved in every case by the Deputy Minister of Finance or the Minister. As far as the selection of people as to who you buy from or not buy from, that comes from brokers. I have no input so on that basis that's the way it operates. I'm not in the position to express an opinion one way or another.

**MR. MILLER:** Mr. Ziprick, it so happens I happen to agree with the sinking fund concept so I'm not going to argue with you on that point. I just found it interesting that you dropped it because I know that knowing you that when you decide that something is right or wrong you pursue it. It's interesting that you've dropped it because of the feeling in committee last year that the sinking fund system should be continued. That's all the comment I have.

**MR. CHAIRMAN:** Any further questions on Page 11? Mr. Miller.

**MR. MILLER:** The very last — this has to do with the Civil Service Superannuation Fund and the TRAF. Last year you say you had asked that particulars be obtained from the actuary concerning the size of the

annual increase and when and what amounts. This information has not been made available as yet. Has it been available since this report was prepared?

**MR. ZIPRICK:** I have received the preliminary report by the actuary, it's not finalized but it will be and it'll be a very useful document and quite informative.

**MR. MILLER:** So it will be seen next year, I suspect.

**MR. ZIPRICK:** I expect so.

**MR. MILLER:** Well okay. I don't expect to be here, so my interest will be academic.

**MR. CHAIRMAN:** Further questions on Page 11? If not, Page 11 — pass; Page 12 — Mr. Uskiw:

**MR. USKIW:** Yes, Mr. Chairman. Is this normal, the separating out of guarantees, such as to Flyer Industries from the other figures or the other page of our debt status in this report? Is this unusual to break them out and show them separately or is it common practise? I always thought a guaranteed loan is the same as a loan, that it's an obligation of the province and therefore it has to show as a debt of the province until it's revoked or otherwise.

**MR. ZIPRICK:** No. A guarantee has never been shown as a debt.

**MR. USKIW:** It's not a debt.

**MR. ZIPRICK:** Because it's not a debt until there's a default and so all it is is just a setting aside of authority to make sure that if at any time it materializes that there'll be authority to pay it. So we're indicating here that there's that much authority been set aside to cover this guarantee and if in any way the conditions are not met, then the money would be raised and then it would be created either as a loan or an expenditure from the appropriation.

**MR. USKIW:** I'm confusing it with the authority for money — yes that's right. Yes it has to be part of the authority to enable one to guarantee; yes that's right.

**MR. MILLER:** If there was no authority there could be no guarantee. What you're saying, Mr. Ziprick, is that the authority is revoked, even though the money doesn't flow the authority has to be voted and that amount is locked up or reduces the authority by whatever amount the guarantee is that they guarantee.

**MR. ZIPRICK:** That's correct. The authority for — let's say this comes under the MDC, so there has to be an authority for making funds available to MDC up to that amount or whatever amount and to the extent that there's a guarantee the authority is abated and they could not get an advance until this commitment is lifted. But the money is not advanced until it's needed.

**MR. MILLER:** So to that extent in the sense it's not a loan in the traditional sense but it is an encumbrance on the authority, and you can't use the same authority. If you have \$2 million authority you can't make three bank loans based on that one

authority. So it's a claim against the government in that sense or against, in this case, MDC in that sense. I see, okay.

**MR. CHAIRMAN:** Any further questions on Page 12? Page 12 — pass; Page 13 — Mr. Miller.

**MR. MILLER:** This now appears in the other volume does it not? The details on this.

**MR. ZIPRICK:** It's part of the Public Accounts, this is the Trust Section of the Public Accounts and all we put it in here for is to indicate that there was no unusual items in there and the extent of its change.

**MR. MILLER:** Okay.

**MR. CHAIRMAN:** Mr. Uskiw. Page 13 — pass; Page 14 — Mr. Miller.

**MR. MILLER:** Again I think this shows up more clearly in the book, in Volume 1 in the Financial Statements. There was a significant increase in the equalization payments, considerably higher than was anticipated. Would that account for the difference between what was estimated and what actually transpired in that year?

**MR. ZIPRICK:** I think we'd be better to deal with it in that book because I'd have to refer to and read the particulars. We put it in here to indicate that what's in the Public Accounts and the explanations there, we did review. Previously they were not in the Public Accounts so we included it in our report. This year the Department of Finance has done it and included it in the Public Accounts which we agree with and commend them for it, but we reviewed it and in the same way, we are satisfied that the comments there are based on data and information that is substantiated.

**MR. MILLER:** Then we can leave it here and deal with it when we get to it in Volume I.

**MR. CHAIRMAN:** Page 14 — pass; Page 15 — Mr. Miller.

**MR. MILLER:** The Nelson-Churchill River System Hydro Inquiry, \$445,000. This is part of the Special Warrants. Is that the total of the Special Warrants in that fiscal year? That's not the total cost of the study?

**MR. ZIPRICK:** No, that's not the total cost of the study; That's the special warrants in that particular year.

**MR. MILLER:** I see. Does that, as well, applied to the Manitoba Forestry Resources Limited, just the special warrant in that fiscal year?

**MR. ZIPRICK:** That's right. I don't know what the cost would be. We'd have to get it out of the Public Accounts.

**MR. MILLER:** The total cost doesn't show here.

**MR. CHAIRMAN:** Any further questions on Page 15? Page 15 — pass; Page 16 — Mr. Uskiw.

**MR. USKIW:** The general comment here — I'm trying to establish in my mind how practical this

suggestion is — that somehow we estimate the over-expenditures based on knowns at the time. I always assume that special warrants are for reasons of the unknown and that it's almost foolish to try to guess where you're going to end up with them, you know, 12 months later. Is it not almost counterproductive to try to set it up this way, Mr. Chairman?

**MR. ZIPRICK:** I'd like to comment on it because to a degree it's misunderstood. The comment is that it not be voted because I agree that during the time of the Estimates process you don't know; if you did, you're supposed to put it into the expenditures. If we observed special warrants that were to reduce the Estimate process and thereby mislead, we would certainly make an observation. So at the time the Estimates are prepared, which is in the fall of the year, this is the position. Where I find some difficulty, and I have been asked by business people just how does it work, and it's difficult to explain this: When the Minister of Finance presents his budget in April or May and he says the bottom line is that much deficit and somebody immediately in the debate says, well that's not correct because there is already some special warrant or some special warrants going to be included and it increases the deficit by that amount and the people say, "Is that right? Is this just some kind of a legal figure and is not a true position or the best known position of the deficit of that particular time?" And I say, well, that's been a continuous debate. I think what I am trying to say is at this point in time, it should be stated that the bottom line, not amending the authority for expenditure, but the bottom line is the best possible position, the best known position at this particular time. Now, generally speaking, the response comes something along the lines that well, yes, there have been some special warrants but there are offsets here and there.

Now, going through a number of years, and we went back about 10 years and it's true on the whole it's inconsequential, the amount of increase in expenditures to the Estimate in total is inconsequential. But this idea of this being incomplete at the time it's disclosed still persists and I think it can be resolved by just clearly stating that when the budget is presented and the bottom line stated, that it's stated on the basis of all known factors at that time to be the best known position of the deficit or surplus, whatever it may be.

**MR. USKIW:** But, Mr. Chairman, aren't we, though, still subject to human nature here? Isn't the Minister then going to hedge his bottom line a little more when he's put into that position, allowing for things that might occur, not being sure whether they will or will not occur? You know, doesn't it put him in a position of having to further hedge his bets on where his bottom line is? That's why I say, I don't know if it's productive or counterproductive.

**MR. ZIPRICK:** I would say that the quarterly reports now that are being issued and the requirement that's in the quarterly report, the bottom line position is updated. This is contradictory to the budget then because if the budget is just a figure of what's in the Estimates, expenditure less the revenue, and all it is is that and it is not really the updated best known position, then approximately three months later the

Department of Finance and the Minister of Finance has to come up and say at this particular time when this quarterly report is coming out, the position as stated at that time is now changed to this or it still remains to be the same position.

Generally, since we've gone into these quarterly reports, the experience has been that after the first quarter, there has been basically no change and the reason that has been is because the special warrants do not have a special bearing on it, and as a result is not a sufficient amount to make any kind of adjustments because it is inconsequential. So it's more a clearing up of a perception rather than any major change. This is the point that I've raised, but maybe the way we put it down in here it looks much more complex than we really intended to convey.

**MR. CHAIRMAN:** Mr. Curtis.

**MR. CURTIS:** Mr. Chairman, I don't disagree with what Bill is saying and I do agree that perhaps there is some confusion on the way this particular paragraph came out. But Mr. Miller will remember that right to the last, in the preparation of the Budget, the Minister is trying to bring in all of the known information at that time, even to the extent of bringing in a Supplementary Supply Bill along with the Budget. Of course we can't, under our Act, produce a special warrant while the House is sitting; it has to be by Supp. Supply and that sort of information is brought into the House, hopefully, when we are producing the Budget.

But there are two other problems that we face. One is that the revenues from Canada, over which we have no control, and I'm thinking as a good example, equalization, are adjusted from time to time and we have no input into the calculation nor the background information that goes into that calculation. So that's a revenue source which to some extent offsets the expenditure source that we also can't control. In addition, we know that there will be some lapsing take place because you can't possibly spend all of the money that is voted and programs do change during the year.

So you have three elements of uncertainty that take place during the year and we've not been able to devise any other or better way of presenting the Estimates and the revenues in the Budget than we have to date.

**MR. MILLER:** Isn't one of the problems that because moneys are voted within a certain line and appropriation they cannot be used for other than that particular category? There could be an under expenditure of half-a-million dollars in some appropriation which was based on a guesstimate and a legitimate guesstimate but that because it can't be touched, some other part of the Estimates, the spending, has to be increased? You can't use the money in the Department of Health for something in the Department of Natural Resources and therefore require a special warrant in one case and a lapsing in the other. Do we have to live with that kind of system? Is it absolutely essential because I can see the problem? What you're posing, Mr. Ziprick is the public perception of these huge special warrants which it's true may balance out at the end of the year but in the meantime there they are, suddenly \$2 million is voted. I'm not talking about forest fires

which nobody can foresee. But, at the same time the department knows full well that in another department there is going to be an under expenditure because some program didn't get off the ground in time or there's been a programmatic change, and yet they're locked into having to go through the procedure of requesting a special warrant even though as the special warrant is passed everybody knows that the money is really going to be made available because there is going to be an under expenditure in some other appropriation.

**MR. ZIPRICK:** That has some bearing on it in that it increases the size of the special warrants that are approved for each year and they are quite substantial, and in effect, that as you say, Mr. Miller, that's not an increase in expenditures and most of the time it's an offset somewhere else. So I think that some system could be devised where there's offsets or actual increases in expenditure which would have a perception of this figure being much lower. Then if it was much lower there wouldn't be the kind of concern that the bottom line that's disclosed at the time of the Budget is not a best known bottom line, but it's just a calculated bottom line and it's going to change to something substantially different when all these other factors have to be disclosed. But basically I think that at the time the Budget is being presented and a bottom line is established, if it's clearly stated and understood that's the best known position and if there are any changes either by supplementary or whatever else and a figure put in there, and if there is no figure in there, that it's clearly understood that the reason there is no figure in there is not because the system doesn't allow it, but there isn't just any other known expenditure. So that bottom line when it's disclosed at that point in time is the best known bottom line at that particular time. If all things remain as they are known at this point, that's what is going to be at the end of the year. I think the difficulty will disappear but invariably under the present system and I've noticed it in several years that when this is disclosed the immediate concern is that it's not the bottom line. It's going to be adjusted for some things or other.

Business people ask me and say, well, is that right? If that's right, what does it really mean then? I say, well, basically past history has shown that's not right, that it is not going to be a change but because there is no statement there I can't tell you for sure whether there is anything that anybody knows that may increase the expenditures at that particular time. When the Budget is presented, the revenue, as Mr. Curtis has stated, it's still an estimate and everybody agrees, but it's a best known estimate pretty well at that particular time because the revenue is finalized in the very late stages and it goes into print. When the Budget is presented, there is likely no known factors that would alter it, but the expenditures have been put together quite some time before so there could be a situation where by the time the Budget is presented there could be a major shift; history has shown, going back, that there hasn't been. There has been, in one or two years, a difference of \$20 million from the estimate to what actually was spent, but it has not been consequential in the total of expenditures that are being made.

**MR. MILLER:** I'm trying to remember but I'm not sure if my memory is correct. Does a special warrant

when it's passed make reference to where the moneys might be coming from? In other words, if it's known that there is going to be a lapsing in Social Allowances let's say, when the special warrant then comes forward, could there not be in the special warrant a reference that anticipated that the money might come from appropriation number such-and-such which in a sense would then make it an obvious offsetting expenditure. I'm just tossing this out.

**MR. ZIPRICK:** The procedure in the past has been that in the submission to the Treasury Board and to Cabinet there is that kind of indication that this is not an additional expenditure but the warrant itself is just . . .

**MR. MILLER:** That's right.

**MR. ZIPRICK:** . . . a form kind of set warrant that says that this is an additional authorization for that particular appropriation. Now I don't know, I think by law, I'm not sure, that you could abate another appropriation by Order-in-Council or reduce it. I'm not sure whether under the present Act this could be done, I don't know.

**MR. MILLER:** I'm not clear on that either and that could be checked out but even if reference was made in the special warrant that it is anticipated that the moneys would come from such and such an appropriation, if you're concerned about public perception, wouldn't that clarify when somebody is looking at the Order-in-Council, that reference is made that this probably will be coming from a lapsing in such and such an account. I mean I'm just tossing this out as a means to meet your concern.

**MR. CHAIRMAN:** Mr. Ransom.

**MR. RANSOM:** If I might make a comment, Mr. Chairman, I think from the point of view of one who is trying to control expenditures, I rather like the present system of having to get the special warrant, because if a department comes forward wanting additional money and they can say that the money is available in another appropriation within the department and therefore won't require really additional expenditure for the government, it tends to be approved more readily than if it's approached from the perspective that this is going to add to the government's overall level of spending. I would think that same kind of approach would apply if you had the capability of identifying funds in another department that were going to lapse and therefore you could spend them in another department. Plus, I suppose, there are some administrative difficulties that you don't often know until towards the end of the year where your lapsing is going to be.

**MR. MILLER:** I agree with the Minister, there must be special warrants. You can't do away with that system and it would be disastrous if you did. I agree with you that it's a much better control through the special warrant system, but to meet Mr. Ziprick's concern, I was wondering whether just as the documentation which goes to Cabinet indicates that there's a possibility that there may be an over-budgeting in some other appropriation, and that this is sort of to assure Cabinet things are not running

out of hand, that if that same information appeared on the special warrant, it might be of some clarification to the media or anybody else who looked at the special warrant and said, "Look at this, they're passing a special warrant for \$6 million," whereas Cabinet knows full well that the six million is more than offset by a known lapsing somewhere else. So it's a matter simply of adding information to the special warrant itself. It's not doing away with special warrants; it's adding information as public information.

**MR. RANSOM:** I'm just wondering, Mr. Chairman, in some cases, of course we do identify money in an appropriation and it is encumbered at the time that the special warrant is approved. Perhaps Mr. Ziprick could comment whether in those cases at least, that might be identified; it would show two types of special warrants then, one where you've identified and encumbered funds, and one where you haven't.

**MR. ZIPRICK:** That would be helpful. I know of one province, Saskatchewan, I don't know if there's any other, they have really two kinds of special warrants. They don't call them — they have a special warrant where the expenditures are added but then they have another mechanism — I forget the name of it — that permits a transfer from one appropriation to the other, that you are not completely locked into an appropriation, that you can abate one appropriation and increase another. But to add to the expenditures, then, you have to pass a special warrant under a different section, so they have provision for the two. But I agree that any kind of information — because you cannot introduce rigidity and to some degree the special warrants, in that regard, are too rigid. You're making estimates almost over a year ahead and in the kind of operations that are being carried on now, you have to make changes. Now, the changes have to be made in an orderly manner, properly approved and documented and a special warrant is a very good means, but there should be flexibility that you could make changes from one appropriation to another. By identifying it on the Order-in-Council, it would assist and provide the information. I'm not sure whether you could legally reduce the other appropriation under our present law, but that's a legal matter.

**MR. CHAIRMAN:** Any further questions on Page 16? Page 16 — pass; Page 17 — Mr. Uskiw.

**MR. USKIW:** Mr. Chairman, on Page 17 there are a number of references to the function of the Treasury Board and over and over again it's stated that the Treasury Board is indeed a policy-setting board. I'm trying to understand what is happening here. My understanding of the system of government is that Cabinet sets policy, or you have a Cabinet Committee that sets policy, overall policy.

I get the impression from reading this particular section that somehow policy is determined by Treasury Board and I suppose it's possible to do it that way. I'm just wondering whether it's a desirable way of doing it. Once you've approved certain directions for departments and those directions are then pursued by the departments and their submissions go to Treasury Board for final approval, if you like, it seems to me that that's the wrong time

to start questioning the policy, when it gets to that stage.

**MR. ZIPRICK:** This is generally an administrative policy and in some other cases maybe a little broader, but it's completely consistent with Cabinet delegating a certain kind of authority and it has been delegated under The Government Organization Act to the Treasury Board to carry this out. So in fact it's a delegation of certain kinds of responsibilities by Cabinet to the Treasury Board. What's stated here is what has really been delegated by Order-in-Council to being the Treasury Board responsibilities.

**MR. CHAIRMAN:** Mr. Ransom.

**MR. RANSOM:** Mr. Chairman, Mr. Ziprick has identified the administrative policy aspect of it, which is of course correct. Otherwise, the Treasury Board really doesn't function as a policy-setting group in the broadest sense. Often, frequently items that come to Treasury Board in fact end up being referred to Cabinet because they are policy questions, but I suppose we set policy to the extent that we determine spending levels and therefore have control of policy in that direction. But basically the questions of policy are Cabinet responsibilities.

**MR. CHAIRMAN:** Mr. Uskiw.

**MR. USKIW:** Is the Minister saying then that a departmental program could not be jeopardized by a lack of appreciation of the objectives of the department by Treasury Board? That's not in the cards then; is that what you're saying, Mr. Minister?

**MR. RANSOM:** I don't know whether we could go so far as to say that it couldn't be jeopardized. I think it's perhaps an interpretation of what you mean by that but certainly Treasury Board recognizes the broad policy decisions that Cabinet has made and then attempts to work that in among all the other priorities and policy decisions that have been set and made by Cabinet. But in situations where you're dealing with special warrants, for instance, which we just were discussing before, Treasury Board exercises some control and in some cases they might, even though a program has been approved by Cabinet in principle, they may decide for other reasons that you simply can't proceed with extra funding for that at the time. So to that extent you could limit it.

**MR. USKIW:** Mr. Chairman, what I'm really concerned about is whether it becomes sort of the system of rough justice internally, where a department is involved very extensively in a program but the word comes down the line that our expenditures are shooting over the targets, and somehow we have to do something and sort of a wide brush approach is then used indiscriminately and does in fact become a counterproductive exercise. That's the kind of fear that I have when you give that much power to one group. Now maybe that isn't happening and maybe it's a fear that's unwarranted but if that could happen, it seems to me that that could be terribly counterproductive.

**MR. RANSOM:** The Treasury Board tries not to determine where, within individual departments,

they're going to make reductions in expenditure, for instance, but certainly they are questioned on situations where expenditures are beyond what are expected and in many cases they have to respond by being managers within the departments and controlling their expenditures. They know within their departments best, the operation of it, and so we try and leave as much responsibility as we can within the departments. That's why we are able, with reference back to one of your earlier questions, to deal rather quickly with most submissions to the Treasury Board.

**MR. CHAIRMAN:** Any further questions on Page 17? Mr. Parasiuk.

**MR. WILSON PARASIUK (Transcona):** Yes, when we're talking about Treasury Board and Department of Finance, I don't see any statements regarding the Comptroller's function. I thought there was a comptroller within the Department of Finance or Treasury Board.

**MR. ZIPRICK:** The Comptroller is within the Department of Finance. As a matter of fact, it's stated on this page that Treasury Board is an administrative policy, a sort of direction group from Cabinet. In the present setup, they don't have any staff. All the administrative staff is supplied mainly by the Department of Finance and there is some assistance with regard to personnel from the Civil Service Commission, so the Treasury Board is not an operating entity. It purely sets policy. All the information and all the administrative work is carried out by the Department of Finance. Now in the Department of Finance, there's a comptroller, but the Comptroller's Section can be asked to supply information for the Treasury Board, but the Comptroller is not part of the Treasury Board, the Comptroller is under the Minister of Finance.

**MR. PARASIUK:** Well, I notice that on Page 23, you do go into the fact that the Comptroller has not been appointed, that it's a vacant position for a year. I'd like to just ask the Auditor a question and I think this is an appropriate time.

In view of the fact that a comptroller hasn't been appointed for a year, in view of the fact that a number of deputies have not been appointed — there's a Deputy of Industry and Commerce that hasn't been appointed — we have not had a permanent Deputy appointed in the Health Department for some time — does the Auditor have any concerns about administrative structures, administrative accountability through the Deputy's function, through the Comptroller's function, if these appointments aren't made?

**MR. ZIPRICK:** As far as the Deputies are concerned, there are Deputies that are acting and the question arises as to how effective that is; well, time alone will tell. As long as the decisions are made and the operations are carried on in a businesslike manner, there are no problems. The same applies to a degree to the comptroller. The comptroller — there's been a vacancy — now the work has been carried out by different people, but as I indicated on that section and that page and we can deal more fully when we get to that page, there is

much more concern — at least my concern — with regard to comptroller than as far as the Deputies are concerned, because the Deputies that are in there are full-time deputies, although they may be called Acting, they are taking on the responsibilities of Deputies and wherever we've got problems we deal with them. As long as they attend to the problems and administration flows in a businesslike and reasonably efficient manner, there's no problem. Where there's a vacancy in a position and it's taken up by other people, as I indicated, it does present a little more of a problem.

**MR. PARASIUK:** You're saying that, drawing from your experience as an auditor, that there's no decrease and uncertainty regarding lines of authority, regarding reporting structures, regarding administrative control of a department, if you have no permanent Deputy appointed for a year-and-a-half, or no permanent Deputy appointed for seven months; that this creates no problems within the department.

**MR. ZIPRICK:** From an administrative point of view, not likely. In some instances, there are problems when the Deputy is permanent. It just depends on how the particular person in the job is carrying out his job and whether he is called Acting or whatever the title, as long as whoever's assigned that responsibility is carrying it out effectively, it presents no problems to us. If he's not carrying it out effectively, then it does present difficulty and it shows up in various kinds of deficiencies.

**MR. CHAIRMAN:** Any further questions on Page 17? Page 17 — pass; Page 18 — Mr. Uskiw.

**MR. USKIW:** Yes, on Page 18, Mr. Chairman, the Provincial Auditor deals with the disappointment of not being able to go ahead with his inputs and outputs in the Estimates and I wonder if Mr. Ziprick would elaborate as to why it is not possible, as he now says, before several years are passed, to achieve this result. What is the problem?

**MR. ZIPRICK:** The problem is the same kind of thing that's being experienced in Canada and other places, that this is a very — a load. Stating it, it's fairly straightforward and simple, but implementation in a big organization is not easy and I appreciate that. Now, there are some areas, and the area of the quality of the Estimates is quite important in this. We've been discussing the quality of the Estimates being presented to the Legislature for eight years now and I still don't think it's been settled as a matter of policy, as to what extent information should be available to the Legislature against which it may be measured. There's quite a difference of opinion. The opinion does not arise because technically it cannot be produced, technically it's available and possible to produce this without any difficulty. It's a question of policy; how much is desirable; to what extent is it practical? Until those decisions are made, we will continue to have some differences; the area that was raised with regard to sinking funds — after the Committee expressed the clear view that that was the position, I feel I don't have any further concern. In this case, there's not been a clear view, there's quite a difference and so I will continue to be making these observations.

**MR. USKIW:** Just to pursue that a bit further then, technically speaking, what would be required to achieve those results in terms of manpower or staffing, extra workload, to set it up in the first place? What are we talking about? Are we talking about a major barrier in terms of costs?

**MR. ZIPRICK:** I don't see it as a major barrier in terms of costs. As a matter of fact, it's presently in the works, as we state here. A substantial amount of this is presently in the works. Now, what's being considered here is mainly for internal use, in other words, to get the budgeting to be broken down by responsibility centres.

There is already, as you will recollect from your ministerial days, in the Estimates that are presented for consideration to Cabinet and Treasury Board, a fair amount of information with regard to outputs, and there's very detailed information with regard to inputs, or the object code kind of expenditures; travelling and whatever have you. That's prepared and submitted to Treasury Board and the Cabinet for consideration and approval as a base to the Estimates, then the Summary Estimate goes to the Legislature. After that, the accounting has not been lined up and it has not been practised, although the accounting, the way it's structured, and has been for some time, there'd be no difficulty to produce it, but it hasn't been organized as a matter of policy to produce the actual expenditures against the Estimates that are produced for Cabinet. So that, if there was a policy decision, there has been a policy decision to do this internally and it's progressing now, even now, I appreciate that it will take some time to get it really finalized and really working, but once you get it organized and working, it's not a major cost factor. As I say, technically there's no difficulty in producing it, it's just a question of policy decisions as to how is it expected that these things will be brought forward.

**MR. CHAIRMAN:** Mr. Ransom.

**MR. RANSOM:** I think there are a number of things that would have to happen in order to bring that about, Mr. Chairman, and probably the most important one is that the Members of the Legislature have to be asking for that kind of information and the information then will be supplied, if the information is to form the basis of some kind of discussion. Secondly I think that the format for the discussion of that kind of information has to change. As members may know, we have suggested to the Rules Committee that we look at taking all Estimates review out into Committees such as this and that it would lend itself more to dealing with those sorts of more detailed information where questions could be responded to much as they are now, on technical matters, by staff, with the Ministers dealing with questions of policy.

No question, from my point of view, as far as management of the government in any department, it's highly desirable to have that kind of information, but as you gentlemen who were in government previously will know, that there's also quite an inertia to be overcome in implementing that kind of a system.

**MR. CHAIRMAN:** Mr. Uskiw.

**MR. USKIW:** Mr. Chairman, I have my own opinions on it and quite frankly, I have to admit that I'm of a mixed mind on that subject myself. I'm sure Mr. Ziprick would recognize that. But it seems to me if it were to be followed through on, that it would have the effect — I don't think it's a major technical problem, because as Mr. Ziprick points out, we do receive that kind of information for Cabinet submissions anyway. They have to be put together by departments. So it's a matter of whether we present a long form to the Legislature or the summary form, which we now have. But if you go the long form route, it seems to me it would have the effect of lengthening the Session of each Legislature or each year by at least a couple of months. If you go line by line and examine in detail, as what is being suggested, I think the question really is, do we want to lengthen the sitting period of the Assembly beyond what is sort of considered the norm, which is now four-and-a-half months or so? So you're talking six months perhaps, or six-and-a-half. I can see that being a reason why there is resistance to doing it, that there's some reticence towards prolonging the length of period of any session but there is no question in my mind that it would do just that. Just imagine going into detail on the Department of Health, you know, or Education, line by line, each expenditure, by a committee around this kind of a table as opposed to the summary that we now have. Look at block figures for programs. You know, it's really a question whether we make the Sessions almost a full-time job, so to speak, for members. I presume that's what is holding up that kind of a decision.

**MR. ZIPRICK:** Now if you were going to approve these items line-by-line, and I think that that's not what I'm suggesting and that's not the way to go. You approve the block but you have the backup information and there is, as far as my observation and I'm not active, but I observe from the other side, that a substantial amount of this information is asked for and provided through Hansard and it's there, not in an organized manner that somebody could take it and study it beforehand and come armed with specific objective questions as to what is really going on, but they are asked because, well, how many extra people are you going to employ here and all this comes along and it's disorganized; you cannot see it in any kind of balanced fashion. To me, it seems that if you are going to do any kind of job, you have to solicit a lot of information, place it on Hansard, then you have to analyse it to become constructive and objective in your enquiries. A substantial amount of this could be avoided if the backup information was presented.

But I think that to approve on the basis of line-by-line and this line, for instance, if so much travelling all of a sudden becomes a sacred amount, that it cannot be changed except through special warrants, that would be completely impractical. It is just there to indicate that that's the mix and if somebody feels that the mix doesn't seem to be reasonable, could ask question and say, "Why is the mix in that way? Why do you need that much travelling? Could you not change it around?"

But now you can't make that kind of evaluation unless you first ask and it gets placed into Hansard, which requires a lot of time and when it is placed,

it's not placed in an organized manner as it would if the whole was presented and I would say presented by departments independently rather than in great big books because there it would provide flexibility in that you knew the order so that a bigger department, if they ran into some problems of printing and that, there would still be some flexibility.

**MR. CHAIRMAN:** Mr. Ransom.

**MR. RANSOM:** There are two objectives that have been identified. One is what Mr. Ziprick has outlined and the other, Mr. Urskiw has outlined a desire which I think all the members have and if it is the will of the Legislature to both have the detailed information and to deal with it expeditiously, I see no reason why those two things cannot be achieved. As Mr. Uskiw well knows, the Opposition largely controls the amount of time that is spent and the government controls the amount of information that is provided. I think it would work in the interests of the Legislature and the people of the province if we were able to change the system somewhat from what it is now.

**MR. USKIW:** I'm trying to recall, Mr. Chairman, did we not try this on two departments during one Session? What was the result of that experiment? I'm trying to recap it.

**MR. ZIPRICK:** The trial was not what we are suggesting here. The trial was to realign the summary, Estimates in a different form. They have now since basically been aligned substantially towards the program orientation that at that time that we were thinking. So there is program information on there. But it is a summary and I think, as I indicate, that a summary is necessary and the summary is what should be voted on because if you did away with the summary, then the kinds of expenditures that are involved, you would never get a picture.

**MR. USKIW:** You would bog down, yes.

**MR. ZIPRICK:** So that the summary, the way it is now, with the explanations that there are in broad terms, is quite a good summary because by looking through it at that summary level you can get a pretty good picture. It's when you try to rationalize what's behind that summary and try to make objective judgmental observations, is where the difficulty comes in. Then if you try to account against something that is not there, it also presents this kind of difficult.

**MR. USKIW:** Well, Mr. Chairman, I'm inclined to be persuaded by Mr. Ziprick that probably that is something that we should be looking forward to, although I can understand the reticence on the part of government from wanting to go that direction. It gives, in fact, the Opposition more clout, if you like. That's really what it amounts to, which is really what you're saying the Legislature is for, Mr. Ziprick; I presume that's what you're saying. It arms the Legislators with much more information before the debate rather than during and after the debate, so that in essence your debate may be more productive and in some instances, I suppose, more efficient in the sense that the information is supplied in advance

and you don't have to elicit information through questions and answers and then having to read Hansard to find out what was said or what wasn't said and so on. So it has many positive aspects to it. I'm inclined to go along with it, quite frankly, although I can understand why some wouldn't want to.

**MR. ZIPRICK:** There could be a concern that once you have committed yourself to that extent on paper and there is a necessity for change, that you have to get involved with an explanation but, you know, a Department such as Highways has for many years been supplying, not the full, but substantial backup information at the time of the Estimates, that lays out the Highway's program specifically, where it's going to build. Now, adjustments have to be made in due course and I just found that one highway was declared to be built but for reasons that arise later on there has to be changes, but from my observation there has not been undue difficulty to make these kind of changes.

**MR. CHAIRMAN:** Mr. Miller.

**MR. MILLER:** I'm wondering if the departmental annual reports which we get, and this is of course of the previous year, if that report, instead of being a self-serving report as it is now, inevitably, would include in the report inputs, outputs, you know, attempting to quantify them and the degree to which they achieve their expectations, if the annual report received in the Legislature was set up in that format, then wouldn't it be possible by using the annual report, to channel the present or the new Estimates along certain directions? So you have a point of reference, at least, so that debates, when they do take place, wouldn't be, as you say, fishing expeditions but would be based, at least retrospectively, on an annual report from the department which gave more than just a glossy, as I say, very self-serving image of the great works done by that department.

**MR. ZIPRICK:** Well, the annual report of the department, however it's organized, once the Estimates are presented in an organized fashion in more detail, then the report would have to correlate to the Estimates and explain variations fairly objectively. Now, the annual report also has a public relations element to it and now, whether you would split the report in two and have a part of it a public relations element and then following through, comparing it with the Estimates and providing a complete link of accountability from the Estimates to the actual with explanations, or you continue to have a departmental report that's promotional and then have this other as a supplementary for over here. But there's not much doubt that you would present this information to the Legislature in the Estimates in a much more organized way, then there would be a need for not just in the Public Accounts putting the expenditures, because people would relate from the Public Accounts to the Estimates and wonder why the variations. So you would, of necessity, as we suggest here — now, last year, prior to that, if you recollect, I was saying that the annual report should be changed to that. Last year in our discussions at the committee, there was an opinion expressed that

it was desirable to have for a department, an area where they can do some promotional activities at the end of the year. Well, I'm not in a position to comment on that; it's a policy matter. So if that's a desirable feature and it's useful, then it shouldn't be stopped. But this other, then you'd have to go — this year I suggested, well, if the departmental report is to be continued along the promotional lines, that the actual explanation of variances and that should be grouped from the department as a supplementary item.

The other way could be to have two sections. One is a certain amount of promotional, and the remainder purely explanatory, factual and objective information as compared, as how the operations were really carried on.

**MR. MILLER:** Mr. Chairman, I agree that the departments would want to and perhaps should continue with a promotional piece extolling the great things the department is doing. But just as in any large corporate enterprise, they issue an annual report which is beautifully prepared and sent out all over the place, I know that to the Board of Directors at the annual meetings, what is available is a far more detailed retrospective look at what went on and whether or not in fact it compared with what the original objectives were and what the outputs are in relation to what was hoped for the year before. So that you are talking two different reports in a sense. One can be an expansion of the other.

So without denying that there should be a report, an annual report for public purposes, and what I'm thinking of is going the route that you are setting out here can take time in preparing it that way. But if we had a retrospective report based on fact, it would help to channel the discussions in the Legislature and it would save, I suspect, hours within the Estimates on fishing expeditions because you would have very specific track records from the previous year's annual report that is very specific and it's tied in with the Estimates themselves of the previous year, so that in the long run it might not take any more time. It might less time during the Estimates procedure.

**MR. ZIPRICK:** It could well take less time. The departmental reports now have a lot of accounting information. If it was organized and tied up in a systematic basis to produce it with the Estimates, it would probably take less time for the department to produce that kind of report.

**MR. MILLER:** I'll have to ask the Minister, is it the intention of government to move in that direction or are you waiting for an indication from the Public Accounts Committee to establish the kind of information system with the Estimates that Mr. Ziprick is suggesting here?

**MR. CHAIRMAN:** Mr. Ransom.

**MR. RANSOM:** From my point of view, I tend to favour that direction, but as I mentioned before and as Mr. Uskiw mentioned there are two sides to it; there's the presentation of the information and there's the review of the information. There's no question in my mind that from the point of view of the Legislature and the people of the province that it

should be clearly spelled out, not only what programs government is undertaking but how effectively those programs have been carried out and so I tend to favour working towards setting out that kind of information. I think if the committee favours that and if there's some satisfactory method of review that doesn't exacerbate the problem that Mr. Uskiw referred to then we should be moving in that direction.

**MR. CHAIRMAN:** Mr. Uskiw.

**MR. USKIW:** Mr. Chairman, I don't see that as a problem. Even if it resulted in longer Sessions it doesn't present a problem to me if it's more productive. I'm not worried about that part of it. I'm inclined to agree with Mr. Ziprick that it probably would be most constructive to set it up that way and logically reduce, depending where one sits from time to time, but reduces the workload of the opposition quite substantially in terms of the research that they have to do themselves, trying to dig out this information. But the obvious result is that I think the public is better off for it in that there is a much more constructive debate that goes on with respect to each expenditure. So from the public interest point of view I tend to think that that's the right direction to go, Mr. Chairman. I would encourage it.

**MR. CHAIRMAN:** Are there any further questions on Page 18? Mr. Miller.

**MR. MILLER:** On page 18, Mr. Chairman, reference is made to review by Treasury Board of management control information systems of two departments. What departments were they?

**MR. ZIPRICK:** Agriculture and Education.

**MR. MILLER:** I see. They would undertake an additional to this fiscal year. Has it been determined what departments they would be or are they in process?

**MR. ZIPRICK:** Mr. Curtis may be able to . . . might know something. We haven't followed that up as yet.

**MR. MILLER:** I see.

**MR. CURTIS:** We haven't established plans as yet.

**MR. MILLER:** That hasn't been established. Okay.

**MR. CHAIRMAN:** Any further questions on Page 18? 18 — pass; Page 19 — Mr. Uskiw.

**MR. USKIW:** On Page 19 there are a number of areas again where Mr. Ziprick expresses concern that things haven't materialized as recommended and basically it's because of a staffing problem — talking about the expenditure object code is one, and the other one is the general ledger system. What kind of staffing is involved here? Why is it a problem to achieve the desired result through the new setup that is being suggested here? What are we talking about in staff?

**MR. ZIPRICK:** As far as the general ledger side of it, that's now in effect and operating.

**MR. USKIW:** I see.

**MR. ZIPRICK:** So that area is taken care of. The other areas, the Department of Finance through the Treasury Board approval, have undertaken as we indicate here, a fairly ambitious program. Now their staffing, it's not question of just going out and hiring, these are specialized staff that have to be trained so it's my responsibility to keep the pressure on and that's what I am doing, but I also appreciate that these kind of things can't be done overnight so there's progress being made and it's not that I'm dissatisfied. When we get to the comptroller area I would like to hear Finance's response in that area but other than that there's progress being made, the people that are capable of working in this area are in short supply and there's training required so I know this can't happen overnight. As a matter of fact if you over-pushed it, you're likely to have a bad result, than the other way around. The way we look at it, we observe and we encourage but we don't over-push to the point where anybody would undertake before they're good and ready. That's a general observation that I make in this regard.

**MR. USKIW:** What are the numbers that we're talking about here to accomplish that in terms of new staff?

**MR. ZIPRICK:** I would say that we're talking about half a dozen people or so of the right kind. Then when you do have them and you've got the system laid on, you're into a promotional approach to get it all accepted because in a big organization, although it's clearly understood by ourselves, you've still have to get the message across to everybody to get them working cohesively or otherwise you're in trouble. It's something that doesn't happen very quickly. I've been promoting it for quite some time. It's moving but as I indicated if I let up, some people might feel I'm too easy. I have to play it down the middle, hopefully.

**MR. CHAIRMAN:** Mr. Curtis.

**MR. CURTIS:** Just one more observation, Mr. Chairman, that is that since the report was written we have been successful in acquiring a number of new staff persons. To a large extent they're young and will take some time to work into our system but they're working out well and we're pleased with the progress that is being made. For example, the expenditure object code that is in process and should be completed by the end of March 31, 1981.

**MR. CHAIRMAN:** Mr. Uskiw . . . Are there any further questions on Page 19? 19 — pass; Page 20 — Mr. Miller.

**MR. MILLER:** Page 20, paragraph 6. We touched on it earlier when I sort of suggested that maybe the Annual Report should be somewhat different than it is now and I notice your comments on this Mr. Ziprick, that the reports as they are now are not co-ordinated with the Estimates in the Public Accounts.

I'm wondering whether the reports couldn't really report for the legislators only, for the House only, a report which is co-ordinated with the Estimates in the Public Accounts, because this would save hours of time. If you had retrospective, if you have the previous years estimates, you have the Hansard

debates and you have the Annual Report which is tailored so that it's co-ordinated with the Estimates Review and with the Public Accounts, then variations can be explained within the Annual Report, and where they're not explained they'll certainly show up, they'll be visible, whereas right now you look at the Annual Report and you look at the estimates of the previous year and there's really no relationship; one is a PR document and the others of course are the Estimates Review.

I'm wondering whether the Minister could indicate whether the government is considering ordering that the Annual Reports of departments be co-ordinated with the Estimates of the previous year or the year that they're covering and be more specific in reporting on their programs, their objects, their inputs, their outputs as they occurred and to the extent to which they achieved them or didn't achieve them.

**MR. CHAIRMAN:** Mr. Ransom.

**MR. RANSOM:** Mr. Chairman, as I said before I agree with this general thrust and I think that we could undertake to examine the possibility of dealing with one or two departments in terms of information that's provided for Estimates Review and co-ordinating it with Annual Reports.

**MR. MILLER:** As an experiment, Mr. Chairman, simply take one or two departments, not necessarily the heaviest or the biggest and just see how it works out. It could be that . . . I suspect it would save time. I suspect that the kind of questioning that the opposition goes through to elicit information would be more precise than it is now. Now it's very often a fishing expedition as the Minister knows.

**MR. CHAIRMAN:** Are there questions on Page 20? Page 20 — pass; Page 21 — pass; Page 22 — Mr. Uskiw.

**MR. USKIW:** I wonder if the Auditor would give us a brief explanation of what he really wants to achieve in the changed payroll system. What are the objectives in your mind, Mr. Ziprick?

**MR. ZIPRICK:** In what.

**MR. USKIW:** Your payroll system — you are complaining that we still haven't upgraded the payroll system. What are you looking for specifically?

**MR. ZIPRICK:** For some long time the payroll system and its programs are so loaded that there's really very little or no flexibility and there's been a concern for some time that it just might break down at some point or other and it would be a difficulty to produce the payrolls. There's been an attempt at revision some years ago and I reported that; it was not successful, there's attempted further changes. Now there's been a re-evaluation of the whole program, a request for proposals has been put out and replies are solicited and I understand that they'll be proceeding with a new package. Now Mr. Curtis probably could bring us closer to the . . .

**MR. CURTIS:** Mr. Chairman, what Mr. Ziprick has said is quite right. We have developed a request

proposal and are looking for responses by May, with the hope that if a suitable system can be provided at reasonable cost, is available, then it could be operational for 1982-83, and that's the objective that we have. We do have a study team involved in that at the present time.

**MR. CHAIRMAN:** Mr. Uskiw . . . Any further questions on Page 22? 22 — pass; Page — 23 — Mr. Parasiuk.

**MR. PARASIUK:** I was going to raise a comment on 22 but I realize it flows over onto 23 and that's the Comptrollership function. The Electronic Data Processing Committee is under the jurisdiction of the Comptroller. If you don't have a Comptroller how do establish direction? This is an area where I think departments sometimes tend to be empire builders in this area and you need a strong direction in order for this committee to work effectively. How can it work effectively if there is no comptroller providing in the direction?

**MR. ZIPRICK:** That's the area I have concern and not from day to day operation because Mr. Curtis has assumed a much more active role in the comptrollership area and there's a couple of other people in that area have assumed a fairly active role. So the day to day operations are covered off but because the position is there isn't an incumbent in the position my concern is sort of in the planning and direction and motivation area. This area does give me some concern. Now I know the Department of Finance is also unhappy and would like to fill it now but the problems are I guess it would be better if they related to their difficulties of filling the position.

**MR. CHAIRMAN:** Mr. Curtis.

**MR. CURTIS:** Thank you, Mr. Chairman, I just want to make the point that we are endeavouring to recruit a person that we feel would be suitable and it's not an easy position to fill because you do need a good background and experience. As Bill has mentioned, there is a very large demand, particularly for highly competent people, so it's not an easy role and certainly we're in the process of trying to fill the position. On the other hand I have the view, from a staff point of view, it has had some benefits in that it's made the senior staff in the department probably work harder and has given them perhaps a better insight into the functions that they and their division are carrying out. So it has had some benefits but I agree with Bill, we should be filling the position and we are trying to do so.

**MR. PARASIUK:** I'd like to ask if the position has been advertised in the past.

**MR. CURTIS:** We haven't advertised it in the recent period. We did have some hopes of a specific person that had background being available. At that point we would advertise it with the hope that this person or somebody with the same degree of competence and experience would apply.

**MR. PARASIUK:** Since this is not a Deputy's position, isn't it a bit unusual that the government

wouldn't advertise and determine whether in fact there are people from other provinces who might be interested? I don't know how you are going to inform people in other provinces who perhaps have had this type of experience that there is this type of position available in Manitoba. Frankly, I am a bit concerned about one of your comments where you say, well, we're looking for the person; if we find someone who we think is suitable then we're going to post an advertisement for this position. That's somewhat unfair to the other people who might want to apply for that position if you are in fact going through this as a token type of advertisement, a token type of Civil Service application. I believe that this is a position that would be filled under the Civil Service Commission and, in that sense, I think it would be far better to post the advertisement, see who comes up. If you don't have a qualified person, then you wait. You don't necessarily have to fill a position if you've advertise it if you feel that the candidates aren't qualified but there seems to be some difficulty here.

I'd like to ask one more question. I looked at the individual accounts on Volume 2, Supplementary Information, and I saw that the previous incumbent's salary, relative to other senior people in the department, was quite a bit lower. I don't know whether the person left because the salary wasn't enough; I have no reason to determine that. It's just that if that's the relative levels then I think it's going to be somewhat difficult to attract the type of person that the Auditor seems to think is required because he seems to think this is a position of considerable importance. Is the position underclassified?

**MR. CURTIS:** Mr. Chairman, I think the position is classified at an appropriate level. I think in the Public Accounts it only reflects the payments made while he was on staff during that year; I think he left part way during the year so that's why the amount would appear smaller but it's classified at the Senior Office III level, in ADM level.

**MR. PARASIUK:** I'd like to ask Mr. Ziprick if there is an Acting Comptroller? If there is a comptroller division, there are a number of people in the division — I think about 9 or 10 — is there an Acting Comptroller?

**MR. ZIPRICK:** No, there is no designated Acting Comptroller as I mentioned, Mr. Curtis and two of the other officers in the comptrolling branch are covering off the position. Basically we refer matters mainly to Mr. Curtis now and we consider him as Acting Comptroller; he's been very co-operative and responsive but there is no designated Acting Comptroller. I do not reflect on the classification here; it's at the Assistant Deputy Minister level which I think is a level that you should be able to get a reasonable person.

**MR. PARASIUK:** Without reflecting on Mr. Curtis, personally, this is not a sufficient satisfactory arrangement. The demands on the Deputy Minister of Finance in terms of federal-provincial conferences, ongoing consultations of that nature, the demands on the Deputy Minister of Finance with respect to the money market, with respect to borrowings, with respect to keeping in touch with international banks

are such that the Deputy Minister of Finance is away from Manitoba for probably more considerable periods of time than most other deputies and that puts a tremendous strain on his being able to carry out the functions of, in a sense of filling in, to use your words, for the Comptroller's function. The law of physics says you can't be in two places at the same time and I think that's the major problem and I say I'm not reflecting on Mr. Curtis, I'm reflecting upon the demands of one position which entail a lot of travelling, as against the demands of another position which, by necessity, are geared to Manitoba. I mean there would be very few instances where the Comptroller would have to be out of Manitoba. That is the type of job where you're supposed to stay home and mind the store and I think that it's an incompatibility that has to be rectified and I hope it's rectified through public advertisement which would enable people from outside the province to apply.

Secondly, there might be people who are experienced in large public corporations of a non-profit nature, like hospitals; there are people who are experienced in the private sector who may in fact be interested in taking on this challenge, which is a significant one in my estimation.

**MR. CHAIRMAN:** Further questions on Page 23? Mr. Miller.

**MR. MILLER:** Mr. Chairman, in addition to the question of the Comptroller, the review committee itself, from what I see here, there is a concern expressed about the staffing, that they are mainly concentrating on matters of software and installation of new equipment but they haven't the staff to consider any alternatives to review and to rationalize the system. Is that still a problem since this report was prepared or has there been a staffing-up within the committee itself so that they can actually perform as they are supposed to perform?

**MR. ZIPRICK:** There has been a position established and a person has been hired recently reporting to the Director of Systems and Planning in the Comptroller's and it has expertise in computer to give this committee the assistance. Here my concern was that there is expertise at the Manitoba Data Service Corporation but the Manitoba Data Service Corporation is oriented towards, and there should be comparable expertise at the high level to be able to challenge them appropriately on evaluations and on planning. This was where we were concerned about the capabilities and the deficiency. There is a person now been hired and this area is strengthened. We'll be evaluating it's effect on this in the future.

**MR. MILLER:** So you will know next year whether or not it's working out as you proposed. All right.

**MR. CHAIRMAN:** Any further questions on Page 23? 23 — pass; Page 24 — Mr. Uskiw.

**MR. USKIW:** Yes, on page 24, Mr. Chairman, the Auditor makes a point of the lack of ability to do internal audits. To begin with the follow-up of audit reports, I gather that is being resolved, but there seems to be a question with internal audit functions. Well, what seems to be the problem there, Mr. Ziprick? Why is that a problem?

**MR. CHAIRMAN:** Mr. Ziprick.

**MR. ZIPRICK:** Internal Audit System is growing up in management generally and has been now organized and demonstrated as being a very useful tool. The Province of Manitoba has used internal audit assistance in various areas for many years, but it has not been organized objectively to carry out this operation as an organized administrative tool.

Now, I can say that the matter has been studied quite thoroughly, there has been a proposal to the Treasury Board and the Treasury Board has now established a policy for internal audit in the Province of Manitoba. When that policy is implemented and working it will accomplish what we had in mind. Now, there again, it's not going to happen overnight because internal auditors, the kind of internal auditors that are being looked for — we are not looking for large numbers, we're looking at a few of high quality — those kind of people are not readily available, a substantial number will have to be trained as you go along. So, it's not something that we are looking to happen overnight, but now that a policy has been established and guidelines have been laid out and objectives have been set and departments will be keying towards this and there will be training programs, we can see in a matter of two or three years that there should be a pretty good co-ordinating system in effect.

**MR. CHAIRMAN:** Mr. Uskiw.

**MR. USKIW:** So that has taken place after your report?

**MR. ZIPRICK:** That's right. The approval by the Treasury Board is just fairly recent, within the last month or so.

**MR. CHAIRMAN:** Mr. Uskiw.

**MR. USKIW:** That's it for me on that one.

**MR. CHAIRMAN:** Mr. Miller.

**MR. MILLER:** References were made to a firm of management consultants to evaluate the classification with compensation plans; this will be for those employees who are not in the pay plan or in the bargaining review, that's the senior staff. Does the Minister or Deputy know, what is the name of the firm that is doing this review?

**MR. RANSOM:** A & Associates.

**MR. CHAIRMAN:** Any further questions on Page 24? Page 24 — pass; Page 25 — pass; Page 26. Mr. Uskiw.

**MR. USKIW:** Mr. Chairman, yes, the Provincial Judges Court. There seems to be still a very slow progress being made with respect to the problem of dealing with the backlog of cases here. Why is it so difficult to staff in such a way as to catch up and to be current; what is the problem here? Is it simply staff man years that we're looking at and refusing to budge on, why do we continue to have this problem?

**MR. CHAIRMAN:** Mr. Ziprick.

**MR. ZIPRICK:** I think it's more than staff man years. There's a policy of enforcement that presents

a fair problem now. I'm not sure whether this area has been fully decided or whether it's operating but once it's coordinated with licensing and the various infractions; they are not very large, it is costly to enforce by way of warrants and bringing people forward, so that receives the last priority. A lot of people know that and they just stack up the various tickets so that's one of the main difficulties that I would say and a good possibility, when it's tied up with the licensing. When a person appears for a license and is told that there are a number of tickets that he has to honor, I think that quite a bit of this problem will disappear.

Then there is a problem of mechanization, that's being worked on; we haven't done a check since this report so I'm not sure just how far it stands, we'd have to deal with the department to be more up-to-date at this point, but there can be quite a bit of mechanization which will speed up. This is in the process of being done, so when this mechanization is put into effect it should improve it because their volume is, as you can see from the numbers, is very very substantial. Doing it manually is a very tedious job; you need a lot of clerks and if you did have them they are not likely to stay around because of the tediousness of it so it's a very slow tedious process of going about it. I think if these two elements that are mentioned in here, the disciplining, being brought about through the licensing and the mechanization so that a lot of this processing is done through a systemized mechanized process, that the situation should really be taken care of. It's improved but there is quite a bit more to be done.

**MR. CHAIRMAN:** Mr. Ransom.

**MR. RANSOM:** Mr. Chairman, the Attorney-General is quite concerned about this area. He is in the process of trying to develop a means of dealing with it and the difficulty is to get a system that is workable and not too expensive and is not Orwellian in its implications and enforcement. I think that probably during the Attorney-General's Estimates he can provide you with some of the details, but what on the surface may seem to be a problem that lends itself to being solved through computers and holding back of licenses and such, is not quite that simple or acceptable when you get into all the implications of it.

**MR. CHAIRMAN:** Mr. Uskiw.

**MR. USKIW:** Mr. Chairman, I come to the position on traffic violations in my own mind where I would prefer that there be a system outside the courts to handle those kinds of infractions against the law. In saying that I think that we could probably arrive at a much more expeditious system, cheaper for the province to operate and less cumbersome for the public at large. We have situations where people forget to respond to a notice, summons or whatever; consequently, the police have to pick them up and haul them into court, sometimes they are in jail overnight over a traffic offense. It seems to me it is rather an awkward and harsh way of dealing with what I consider to be a very minor offense or problem to society.

It seems to me that if we had a more systematic means of looking at how to handle traffic offenses,

that we might be able to do it all out of the Motor Vehicles Branch without any reference to the courts for a good number of these cases. Where a person fails to respond, rather than having a summons and a court action and so on, it might be easier to simply remove the license plates off the car and then have them retrieve them at a price that covers our cost. These are the kind of things that I think would probably go a long way in what I would call modernizing our approach to traffic violation and how we handle them. I just don't see the courts as being the right place for that kind of thing and I think it is an exaggerated system, quite frankly.

**MR. CHAIRMAN:** Mr. Ziprick.

**MR. ZIPRICK:** My observation is that on the surface it may appear like a clerical deficiency but, as I explained it, it's not as the Minister has indicated, it's other problems, it's being looked at and various approaches are being studied. I appreciate that the one that will be selected has to be the kind that meets the public requirements or the public feels is a justified and fair approach.

**MR. CHAIRMAN:** Mr. Uskiw.

**MR. USKIW:** I'm wondering, Mr. Chairman, whether in the interest of the public, whether we couldn't, as a committee, recommend that we set up some body to study a different system to deal with these problems, in other words, a complete overhaul of the system and get it right out of the courts if possible, other than where it involves criminology and so on.

**MR. CHAIRMAN:** Mr. Ransom.

**MR. RANSOM:** I think the question has been studied rather carefully to this point and the Attorney-General is making some recommendations and perhaps even by the time he gets to his estimates there may have been a decision made on how to deal with it.

**MR. CHAIRMAN:** Order please. We have reached the normal time of adjournment for the Committee. I would remind members that we meet again tomorrow morning at 10:00 a.m.; Tuesday and Thursday mornings until completed.

Committee rise.