

PUBLIC ACCOUNTS COMMITTEE

10:00 A. M. , Tuesday, April 9, 1974.

CHAIRMAN: Mr. David Blake.

MR. CHAIRMAN: Well, gentlemen, we have a quorum, so we'll start this morning's meeting, I think, where we left off last week. We were still on the Auditor's Report. Mr. Craik.

MR. CRAIK: Mr. Chairman, I want to make a motion here, seconded by Mr. Henderson, that the Minister of Finance be instructed to request the Provincial Auditor to examine records of the Communities Economic Development Fund with particular reference to J. M. K. Construction; R & M Construction, and Schmidt Cartage, and to report back to the Public Accounts Committee within four weeks as to the details of operation, and all significant accounting information, and whether the financial affairs have been organized and conducted on a sound basis. I have extra copies of the motion if any-- if there's extras required, Mr. Chairman, and I'd like to comment on it just briefly.

First of all this motion is a request. Well, it's a request of the Minister of Finance, which is in accordance with the Act under which the Provincial Auditor operates. It's not an instruction directly, or a request directly to the Provincial Auditor since as we were advised at our last meeting that this was not within the terms of reference of this committee. But since the Minister of Finance has the power of the Act to request the Provincial Auditor to make this examination, and in view of the current comment that is being made -- has been made over the last few weeks with regards to these companies, then I feel that this order is entirely in order at this point, and particularly give some validity to a Public Accounts Committee when they can make this sort of a request and have it carried out. So I don't think there's very much more that has to be said with regards to the motion at this point.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Well, Mr. Chairman, I thought we would start this meeting sort of back on track, but we're not, and that's all right, we can continue to have these kinds of debates. But it does give me an opportunity to point out to you, Mr. Chairman, who I think was not only present but listening to the discussion last meeting, that when a motion was brought, which purported to give instructions to the Provincial Auditor, I made the point that this committee had no authority to instruct the Provincial Auditor to do anything. And there was an effort made at some stage to involve the Provincial Auditor in the debate, which was centering on the point of order as to whether or not the committee had the authority to instruct the Auditor, and I objected to the Provincial Auditor being involved in the debate as to whether the point of order was in order. In other words, I didn't think he had the right or the obligation to debate whether or not this committee could instruct him to do anything. Mr. Craik then made a point in the Legislature of saying that I prevented the Provincial Auditor from speaking along those matters which were within his orbit. I deny that categorically, and I think, Mr. Chairman, you would probably support the statement that it was not a question of his being able to speak on what was within his purview, but not to debate whether or not it was in order.

Now, we look at a motion presented here where Mr. Craik suggests that this committee has the authority to instruct me, as the Minister of Finance, to do anything. Now, Mr. Chairman, I am not aware of anybody that can instruct a Minister to carry out some matter which is within his discretion. I'm not even aware of the Cabinet or the Premier being able to say, "You shall do something", although there is always a prerogative of requesting a resignation.

Now, I'm quite prepared to debate this thing, and I'm quite prepared to vote on it, but, Mr. Chairman, you are placed in a position of having to accept, or of possibly being willing to accept an order that this committee, a committee of the Legislature, instruct a Minister to do something, instruct a Minister to exercise his discretion in a certain way. Well, you know this may be a good, political, tactical gambit, but I think it's just nonsense. I'm quite prepared if members present want to disrupt -- I don't mean to put that word in that sense -- rearrange the proceedings so as to go into other areas, other than the normal program that I assume we should have had before us today. Fine, let's go off on those tangents. If we are discussing scope of audit and members want to discuss with the Provincial Auditor his attitude towards examination of records and the scope of his work, that's fine. But I think it's

(MR. CHERNIACK contd.)

ludicrous firstly, to have a motion which firstly instructs a minister to do something, and secondly, instructs him to exercise his discretion in a certain way. That almost means that he has no discretion at all, doesn't it? It means, you don't have discretion because we, the Committee of the Legislature, instruct you, you shall do so.

Now, as I say, it may be a good opening gambit on a game that we are about to play this morning, and if we are going to play the game, we'll play the game. But let's try to do it with some sense of perspective as to why we are here and what our function is.

MR. CHAIRMAN: Mr. McGill.

MR. MCGILL: Yes, Mr. Chairman, I'd like to speak to the motion and to assure through you the Minister that it's not my intention to play any games here, and I hope that no one at this table is involved in any kind of a game because the subject matter at hand, it seems to me, is quite a serious one. I think in this motion we're attempting to discover what, indeed, the function is of this Public Accounts Committee. We're attempting to, in some way, obtain information about Public Accounts through the Provincial Auditor, and we're endeavouring, having had the explanations of the Minister of Finance at a previous meeting that we can't instruct the Auditor to do anything -- and I think he went on to say that if a man on the street met the Auditor and had some concern about some Public Account, he could explain this to the Provincial Auditor and the Auditor might undertake to provide some further investigation of the matter which was a concern to the man in the street. Now, surely a Public Accounts Committee consisting of members of the Legislature has somewhat a more direct approach to the Provincial Auditor than the man on the street.

A MEMBER: True, he's here.

MR. MCGILL: The difference which the Minister attempted to make last time as I recall it, and I have been reviewing some of the transcripts, is that we can't instruct the Provincial Auditor, but we can ask him to do this.

A MEMBER: Sure.

MR. MCGILL: So now we have a motion that is attempting to abide by the restrictions that the Minister has indicated in his previous remarks, and we're attempting through the Minister to ask the Provincial Auditor to investigate certain matters which we consider are prime concerns of this committee. Now, Mr. Chairman, if this committee doesn't have any way of asking, instructing, demanding, or whatever, information on the Public Accounts of this province, then I ask you, what is the purpose of this Public Accounts Committee?

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Well, Mr. Speaker, Mr. McGill is presenting this on such a reasonable basis I will deal with it -- I'll try to use the same tenor as he then. I think that when I stated before that the man on the street has a right to draw a matter to the attention of the Auditor, I meant it exactly that way, anybody, including an MLA, as the Auditor told us. Now, by all means -- now we're talking about the scope of his work and by all means why don't we ask him. Now, let me say what I said then, and let me repeat it, that anybody can, and probably should, if he has a matter of concern, inform the Provincial Auditor of what is a matter of his concern, and that includes every MLA present today, whether he's a member of the committee or not. And then the Auditor, as I understand it, decides whether or not he feels that he ought to make further investigations.

But there's one other thing the Auditor does after that, and that's what he told us; I'm not laying down any prescribed rules, I'm quoting him -- then the Auditor makes a decision after he has made the investigation, he decides what to do with the results of his investigation. And he decides the extent to which he will make public the results. Now, that's as I understand it, what he does, that he makes the decisions, not the man on the street. That to me is the understanding of how he told us he operated, and that that is the proper function as he sees it. And I remember his saying that if he was to report on every item under the sun, there would be a distortion -- but you could see his own words because it's recorded, and Mr. McGill saw it.

So I don't think that he can be instructed to report back by anybody but the Legislature; and that to me means that no committee can instruct him to report back. But a request to examine, I say, can be made by anybody and everybody and does not go through any committee function -- the request to examine, anybody can make it.

I think it would be of some value, Mr. Chairman, if at some stage you ask the Auditor

(MR. CHERNIACK contd.)

what he thinks his role is vis-a-vis Community Economic Development Fund, J. M. K. , or any other alphabetic grouping, or anything else that members like -- I don't know why members didn't ask at the last meeting what the Auditor feels is his function in relation to the -- what do they call it? The co-ops. I mean, that would be a meaningful discussion. But what Mr. Henderson seems to be exercised about is the authority of this committee to order, and if we get back to that then I will continue to say I don't think this committee or any committee has that right. But when it comes to requesting information, discussion, I believe it's in order, and I would think, Mr. Chairman, that eventually you're going to have to deal with this motion, or it's withdrawn -- and if we get to exactly where we were at our first meeting dealing with the scope of the audit, we'd be right back to discussing meaningful things, and that's what I meant by playing games, because I think that this is tactical rather than meaningful.

MR. CHAIRMAN: Mr. Spivak. Mr. McGill.

MR. MCGILL: The Minister says anybody can ask the Auditor for information.

MR. CHERNIACK: No, I didn't say that.

MR. MCGILL: Apparently anybody but this committee.

MR. CHERNIACK: Mr. Chairman, it's not true. I wish Mr. McGill would hear what I said, and I think he would not put words in my mouth. I never said, "Ask for information". I said, anybody has the right to draw to the Auditor's attention a matter which concerns him, a matter of his concern, and then the Auditor decides how to proceed to deal with it. I don't think I said that we can ask him for information relating to matters beyond his scope. Now information, when we deal with -- if we ever get to the Public Accounts, then I think we can ask him anything in relation to what he has audited; but I don't think we can instruct him to go ahead and make investigations beyond his scope and report back on those. I don't think we have that right, and that seems to be our debate.

MR. CHAIRMAN: Mr. Spivak.

MR. SPIVAK: Well, I think we have clearly demonstrated the "ripping off of the veneer" of the government. . .

MR. CHERNIACK: Exactly what you intended to. . .

MR. SPIVAK: . . . with respect to this committee and the functions of the Auditor.

There has been a constant reference that, in effect, our Auditor is an auditor-general. Now there's been constant reference to the fact that he has the same powers and the same ability. The fact is that the House of Commons Committee can instruct the Auditor-General to, in fact, investigate and report back to the committee. Now, there would really be no point of the Public Accounts Committee in the House of Commons operating and the Auditor-General operating as an Auditor-General unless that ability existed. The government from the very beginning has maintained that while he was called a Provincial Auditor he, in fact, had all the powers, that the Act provided the same kind of powers to allow him to act as an Auditor-General.

MR. CHERNIACK: That's right.

MR. SPIVAK: The fact of the matter is the perspective we have to view this now is something in which the government through its majority essentially will dictate to this committee what can or cannot be considered by the auditor. This matter is a matter of public interest. There is some confusion with respect to it. This is something that is within his scope, that is, he is quite capable of dealing with these matters as proposed in the Resolution. The only requirement is, that he have the authority from the Minister to be able to pursue this. The ability to be able to follow the moneys through into the private companies was undertaken in the case of CFI and could be undertaken here. All that's required is the Minister order that this happen. Our purpose is to indicate as a committee, if this is the consensus of the committee, that in fact this take place. And we are requesting the Minister to exercise. . .

MR. CHERNIACK: Instructing.

MR. SPIVAK: Well, instructing then as a committee to exercise his discretionary power with respect to this. And if that's the will of this Legislative Committee, then I think the Minister as a responsible minister would have to answer to this committee as he answers to the House. Now if the Minister of Finance takes the position that he as Minister of Finance does not have to answer to this committee, if he takes the position that this committee has no right to, in fact, request this of him, then I think I must come back to what Mr. McGill says. . .

MR. CHERNIACK: Mr. Chairman, on a point of order. Point of order. Mr. Chairman.

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

MR. CHERNIACK: I should say privilege, I'm sorry.

MR. CHAIRMAN: On privilege.

MR. CHERNIACK: Mr. Spivak keeps using the word "request" the Minister, and I insist that he use the words that are his, that is to "instruct" the Minister. That is the difference; and I think that it should be clear that if he wants to use correct verbiage he should, but if he wants to use wrong verbiage, he has to be subject to being stopped.

MR. CHAIRMAN: Mr. Spivak.

MR. SPIVAK: Well I--"instruct" the Minister is the will of the committee, if it's so decided, and I think that that really is a--really a question of semantics at this point.

MR. CHERNIACK: Oh.

MR. SPIVAK: Yes, I do, because in effect, it's verbiage itself, Mr. Chairman, because I would simply suggest that we now go back to the posture of the government since the time that the Act was brought in, on the public platforms and in the Legislature, that, in effect we have an Auditor-General. If we have an Auditor-General then he is answerable to this committee. If we have an Auditor-General then the purpose of this committee is to examine the Public Accounts. There have been questions raised with particular reference to one phase of governmental activity; there is absolutely no reason why this committee should not be in a position to request information to be able to seek it, and to be able to have it determined by the Provincial Auditor, and have a report brought back. Otherwise, Mr. Chairman, the whole proceedings and the answers of the Minister are part of a farce, and really a part of an attempt by the government to make something appear that is not, that in effect the Provincial Auditor is an Auditor-General. And if that's the case, Mr. Chairman, then I think we then have to seriously consider taking and rearranging that Act so that those powers are given, and really making Mr. Ziprick an agent of the Legislature and not a person who is subject to the control and dictation and the will of the Cabinet.

MR. CHERNIACK: Why don't you ask him?

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Well, Mr. Chairman, I want to say first of all, that in wording this motion, the first wording I had on this, and being very frank here, was that the Minister be requested to instruct the Provincial Auditor. Then I felt that that was too imposing on the Provincial Auditor, so then I looked at "request, to request the Provincial Auditor", and what kind of a sponge do you have when you bring out that kind of a motion? So whatever it is, Mr. Chairman, it means that if "instruct" was changed to "request", you'd have a Legislative Committee, a committee of members of the Legislature who in order to achieve action have to "request to request" to see that something is done. And that's how silly it gets.

Now, the terms of reference of this committee, if it's strictly Public Accounts Committee, is no different than it was 10 years ago, if that's what you want to make this committee--a Public Accounts Committee only. But there was a new Act brought into the Legislature in 1969 - the first session of this government - and they at that time brought in and presented a Provincial Auditor's Act, which was different from the--was supposed to give the auditor different powers, and presumably gave the members of the Legislature different powers, and that was at the statement also of Mr. Cherniack, the Minister of Finance, who said at that time, that the auditor will be the servant of the Legislature.--(Interjection)--And you know, that's pretty strong language. That's worse than me asking this committee to instruct the Minister of Finance. The Minister of Finance said that the auditor is the servant of the legislature.

MR. CHERNIACK: I'm not the servant of the committee.

MR. CRAIK: Well, Mr. Chairman, where this places us, is that we're really down to the point of determining a very important feature of the terms of reference of the Provincial Auditor as to whether or not he in fact is in any way, has in any way, any sort of a direct commitment to the Legislature.

MR. CHERNIACK: He has.

MR. : He certainly, as Mr. Cherniack has--it's been certainly demonstrated that he's certainly not the servant of the Legislature - if anybody had any doubts about that they've been dispelled very rapidly in this session--because, you know, it's just not there, anybody that would say it is - well, now what does the auditor--what responsibility does he

(MR. CRAIK cont'd). . . have to this committee or to any member of the Legislature --(Inter-jection)--or any committee of the Legislature, or the Legislature in general, as was stated at the time that the Act was brought in. That's what's in question at this point.

Now I think that the auditor's responsibility is to very clearly protect the integrity of financial matters in the administration of public money in Manitoba; and I think it's a very easy for that administration of that money to slide over into the political arena where you have a case, as has been presented, alleged that moneys were distributed, not on a sound financial basis, but on the basis of political interest. And you're asking us if the Provincial Auditor cannot go in directly, from this committee you're saying that the government is going to go in and inspect itself. . . .

MR. CHERNIACK: Who said?

MR. CRAIK: . . . the government is going to go in and inspect itself in these matters, whether it's this matter or the northern co-ops, come back and the department is going to report on its own activities, then work its way back up, and in that you're going to lose the direct protection of the integrity of financial matters that we claim is required, and is supposed to be in the Provincial Auditor's Act. And that is surely what is at question here, is whether or not this committee or any members of the Legislature, under the Provincial Auditor's Act of 1969, can do anything that's any different from what it did historically prior to that time; or is it just a case of the Provincial Auditor coming and in the strait-jacket of the Public Accounts simply going through them page by page and try and determine whether two years ago there was anything done that shouldn't have been done, or to glean ordinary information that is at least one year old and up to two years old. Because if that's the intent of this committee then you should never have bothered wasting the time of the Provincial Auditor's Act in 1969.

So this motion that's before us is as much an attempt to define whether any members of the Legislature have any power whatsoever, and if we even change the motion to the "weasel" type of phrasing that the Minister of Finance is requesting, this will now read, "That the Minister of Finance be requested to request the Provincial Auditor to examine records", and that's a far cry from the Provincial Auditor having a responsibility and power that is similar to that of the Auditor-General of Canada.

MR. CHAIRMAN: Mr. McGill.

MR. MCGILL: Mr. Chairman, just let me briefly add to what I said unto the Minister's remarks. I'd like to quote from the transcript of March 14th's meeting, Page 35, where Mr. Cherniack says: "I made it clear that this committee does not have the authority to instruct the Provincial Auditor to do anything. We have the right to ask him for information that he has available or to what has been done. As individuals we can ask him to make investigations for the future. I say this committee does not have the authority to instruct and there's a big difference between "instruct" and "request", and "request is the right of any of including the man on the street." Now, surely the Minister will grant us equal rights with the man on the street.

MR. CHERNIACK: More.

MR. MCGILL: So that we are making a request in our way for information from the Provincial Auditor. Now, would you agree that we have that authority?

MR. CHERNIACK: Mr. Chairman, ah . . .

MR. CHAIRMAN: Mr. Asper.

MR. ASPER: Well, Mr. Chairman, the character of what's been said is the first time in, I guess three and a half years, I've had some personal hope for where we may go in terms of the political process. Certainly I will support the motion and I congratulate the movers and those who have spoken in favour, because for the first time I see the committee taking itself seriously and hoping that it can do its job. I'm not going to get into a semantics argument, or debate over "request" or "instruct", because those are the language of diplomacy. What this committee is saying, certainly the movers are and certainly I've been saying for a number of years, and have at times expressed myself in more emotional terms about my contempt for the way this legislative process and committee system works--but in the most restrained language I can muster for the moment, what should happen now is that the Minister of Finance should say, "I won't put a precedent interpretation on those words. I will simply do what the Resolution says, and I will demonstrate finally that I am serious when I say we do have effective audit procedures in this province". I don't know whether there's anything wrong with the construction company, or whether there's any political abuse, and so on, I haven't the faintest idea. I have prima facie reasons to be concerned. I think the public has heard enough about this thing to have some concern, and the obvious solution to it is that this committee be given the chance to do its job;

(MR. ASPER cont'd) and that's its job, if we believe what the Finance Minister's been telling us for several years now, as to what the Provincial Auditor is all about, which I categorically dispute--he can prove this all on now by saying, there's an issue, there's a challenge, and the Provincial Auditor is going to act just like an Auditor-General. He's going to go out and do the research and he's going to give an unbiased opinion to this committee. Anything but that is the accused being the judge and jury in his own case--anything but the approval of the Resolution.

Mr. Chairman, I don't want to take up a lot of time with it because I think we should vote on it, get it out of the way--if the government says no, the government majority on this committee says no, then there's nothing left to talk about. Everything I've been saying for three and a half years is true. If the resolution's passed then I'm certainly--and I'm not prepared to let the Minister of Finance off the hook on the word "request" or "appreciate", or we would be divinely grateful if you'd--that's all right, Mr. Chairman, and I again admired the Leader of the Opposition's restraint in their language of that resolution. Because if I had drafted it, it would have been a lot stronger. I'm sorry, Mr. Craik's Resolution. So, Mr. Chairman, please, let's vote on it. If we can get this resolution through, I will pay my respects publicly to the Minister of Finance for recognizing that this committee has the chance, the opportunity, and the right to do its job. And if not, I won't say anything more than I would be saying anyway. Thank you, Mr. Chairman.

MR. CHAIRMAN: Okay, Mr. Cherniack.

MR. CHERNIACK: Well, Mr. Chairman, I'm sorry to say that the time is long gone when I would attempt to have the Leader of the Liberal Party pay his respects to me publicly or privately, so that that inducement that he offered is one that doesn't quite excite me too much.

We were playing around with a lot of words here. For example, Mr. Asper said he'd like to see the Provincial Auditor act like an Auditor-General - depends which Auditor-General; I would hate to see him act like Mr. Henderson. I don't know around here who would like to see him act like Mr. Henderson, but I wouldn't. But I would like to reassure myself - again I don't care what other members think - I would like to reassure myself that the Provincial Auditor has the same powers as the Auditor-General, and I think he has, and Mr. Spivak when he used the expression, "the same powers", I believe the powers are there. Now whether he is subject to the same kinds of orders, that may be, I don't know what goes on in Ottawa. But a power is different to being subject to an instruction. I guess really I have to lead some people by the hand and I have to point out that when I spoke in the past, when I opposed a motion that this committee instruct the Auditor to do anything, I said I didn't think the committee had the power, and I don't. And when I said that the Legislature, that he was a "servant of the Legislature", I meant it. And now I guess one has to lead them by the hand and point out that everything I said points to the fact that the Legislature does have the power to order the auditor to do something, and to lead the members further by the hand I would say that the committee has the authority to recommend to the Legislature that it shall give an order to the auditor. Now, that's really how you ought to be wording resolutions. If you approached it in a way that you understood something about the procedures.--(Interjection)--

MR. CRAIK: Mr. Chairman, point of privilege. The Act clearly states the Minister of Finance or the Legislature, does it not? He or the Legislature can do it.

MR. CHERNIACK: Mr. Chairman, that's exactly the point. This committee and I'm not sure who has the authority to instruct me to tell the auditor anything. But this committee can ask the Legislature to instruct. Those are the words and I don't propose to support a motion which instructs the Minister of Finance to do anything, but I do propose to do something else, Mr. Chairman. And you know, I'd rather we talk to the auditor about this. But Mr. Spivak, I think, said something about asking the Minister of Finance to report to this committee, I think that I do report--or I should report to this committee on matters within my scope and therefore, just as in an estimates debate, I could be asked questions. I think the same applies here.

So let me volunteer some information apropos of what I think is the role of the auditor. We had a meeting here at which the Conservative Party attempted to instruct the auditor to carry out an audit of the Department of Co-operatives, and I opposed it, and it was finally ruled--or made to be Out of Order on the basis the committee had no authority to instruct the auditor. As I recall it, it may not have been that afternoon, but it was at least, at the latest the following afternoon, that I spoke to Mr. Ziprick and I asked him whether he wished me to give him the instruction to carry forward his audit of the Department of Co-operatives. He then

(MR. CHERNIACK cont'd) informed me that as soon as word got out of some problem in that area - and I mean geographic area as well as departmental - he then informed me that before the committee had met and before this debate had taken place, he had already instructed his people to start looking into the Department of Co-operatives in relation to the general review which he makes normally and which he therefore--I forget what words he used--but brought forward to it immediate rather than in its routine way, and had gone on. And at that stage we discussed whether he needed authority to look into the co-ops themselves, and he said he might need authority and if, as and when he needed it, or wished to have it, he would then inform me at which stage he would ask me for that authority. And I indicated an openness to his discussing it with me. I can report further that yesterday the auditor told me that he was planning to ask for the authority, and I informed him that when I received the request I would react to it by giving him that authority, or whatever. And that, I think, is the role of the auditor. I think the role of the auditor as being, let me say, again, incredible.--(Interjection)-- So that, Mr. Chairman, --(Interjection)-- I'll wait until Mr. Asper gets over his nausea and stops . . .

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: . . . to say that that is what I understand is the auditor's function, and that is the role that he is playing. He has carried on an investigation; he is continuing it. I think we ought to find out from him what we can as to what he has done. But I cannot accept an instruction from this committee to me, to carry out a discretionary role. But I can report--(Interjection)--

MR. CHAIRMAN: I have three other speakers down, if you wanted to defer it to him, Mr. Ziprick, or I have Mr. Uruski.--(Interjection)--

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

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

MR. SPIVAK: . . . what Mr. Cherniack has done is, he's brought in another issue which I think should be discussed in this committee, and I'd be very happy to hear a report from Mr. Ziprick. I think that there are a number of questions to be asked of the government in connection with this. But I do not think it's germane to this particular resolution at all, because I think it's just going to confuse it, and that may be the intention of the government. But at this point I would like to indicate, and I want to raise a flag right now, that I am not satisfied with the sort of reasonable explanation that the Minister has given as to how he allowed this matter to progress, or at what point his power will be exercised, because I think there are very serious questions to be put bluntly in this committee, and I'm prepared to deal with that when we deal on this matter when Mr. Ziprick will report, and I assume that he will report when we deal with this resolution.

But this has nothing to do with this resolution at all. This Resolution stands on its own, and I think we should discuss that and determine the position on that, and then I would like very much to go into discussion as to what audit has been undertaken so far with respect to the Department of Co-operative Development, the limits, or the limitations that will be imposed on Mr. Ziprick with respect to the co-ops, and at this point what information, if any, has been unearthed with respect to the need for a very, very significant and detailed audit of the full Department of Co-operative Development, including all the co-ops handled by the Department of Co-operative Development.

MR. CHAIRMAN: Mr. Uruski.

MR. URUSKI: The impression that I'm getting from the Resolution that has been presented, really, is that I don't know whether the honourable members want information from the Provincial Auditor as to his involvement in the scope of the audit that he had done in the particular areas that they are talking about, or whether they just want to talk about the possibility of doing an investigation independent of any other investigation that's going on. If they want to discuss his involvement in the audit, I would say that we should proceed and ask the questions, and I don't know what the honourable members want to do with their resolution, but if that's the information that they are seeking as to his involvement in the audit, then they are free to, and have been at the beginning - I thought that's what we were going to discuss, if the particular issue that they wanted to raise was in the specifics of the construction companies that they wanted, I think that they should have begun by discussing the auditor's report as we were going to do, and go into the scope as to what mechanisms were used in determining the function of the auditor in the records that they want to discuss. But if they don't want that,

(MR. URUSKI cont'd) then I really don't know what they want.

MR. CHAIRMAN: Mr. Johannson.

MR. JOHANNSON: Mr. Chairman, the Honourable Member for Wolseley has expressed disgust with our proceedings, and he's previously expressed contempt for the committee system, and it's obvious why, because he doesn't understand it.--(Interjection)--You know, if the majority doesn't support what the Liberal Leader wants, he thinks it's dictatorship; he doesn't understand that the majority rules in a democracy.--(Interjection)--Ah, what nonsense. Mr. Chairman, this whole thing is a big political game and there's been games played ever since this session began.--(Interjection)--The Opposition knows - this has been brought out in the House - the Opposition knows that the auditor is already looking into the so-called Wabowden affair.--(Interjection)--

MR. SPIVAK: Tell me, how do you know all this?

MR. JOHANNSON: This has been said in the House a number of times.

MR. SPIVAK: By whom? By whom?

MR. JOHANNSON: I said it, for one thing, and someone else.

MR. SPIVAK: Well, how do you know?

MR. JOHANNSON: Because I asked the Provincial Auditor. You can ask him yourself if you wish.

MR. SPIVAK: Do you know the extent of the audit?

MR. JOHANNSON: Mr. Chairman, would you enforce order here, please?

MR. CHAIRMAN: Order. Mr. Toupin.

MR. JOHANNSON: Well, he has the power as chairman. Mr. Chairman, if the honourable member doubts what I say, all he has to do is ask the auditor. The auditor, within the scope of his powers, has long since begun an audit of the so-called Wabowden affair. So this is a political game, and the political game is to try to expand the opposition's role in the committee; to try to expand it beyond the limits that the committee properly has. Now, the committee has the power to deal with matters referred to it by the Legislature and only those matters referred to it. And those matters are the Public Accounts, which we've been waiting to get into for many days.

MR. CHAIRMAN: Mr. Toupin.

MR. TOUPIN: Mr. Chairman, I'll keep my remarks brief and hopefully to the point, to the Resolution before us. If we were subject to instruction by members of the Opposition on this committee, I or any of my colleagues presently on Cabinet would not be allowed to govern. We were given that right at the last election, to govern the affairs of this province. Now, having a majority in the House gives us the right to have a majority on this committee. It gives the right of the Members of the Opposition, any of the opposition parties, to request information from the Auditor's report before us, from the Minister of Finance, from many Ministers in the House, but does not give them the right to instruct him and take away the right of the people to elect a party that's given the privilege of governing this province. And that's basic. And for that reason, Mr. Chairman, I would strongly vote against this Resolution which would, in effect, take away the rights of the people of Manitoba that elected this government.

MR. CHAIRMAN: Mr. Spivak.

MR. SPIVAK: . . . to get into the argument whether government really is the people, or whether it's the government. But I think we should sort of again bring this to a perspective. Mr. Johannson indicates that the auditor is involved in the Wabowden affair, and that's very interesting. He says that any member--well, I would like Mr. Johannson to give me the courtesy of listening to what I'm going to say. He says that he's involved in the Wabowden affair. I don't know whether the auditor has discussed the exact nature or extent of what is involved in his audit of the Wabowden affair. And I think that if there was a comment to be made with respect to this Resolution in the fact that the Resolution is redundant, then I would think that it will be interesting for the auditor to be able to review what he is doing, and in terms to give us a chance to be able to examine what he is doing, because I am quite prepared when we get talking about the co-ops, to deal with that in some greater detail because I have some idea of what the Provincial Auditor is doing and I think it's worthy of being discussed in this committee. Because I think what we are talking about, and we have talked about from the very beginning from the moment that I replied to the Speech from the Throne, was the necessity of significant changes in the management and the accountability of government with respect to the people and to the elected representatives representing the people's interests, because I do not believe

(MR. SPIVAK cont'd) that government operation is really under the full scrutiny of the Legislature and I do not believe that government today, both in this province, in the House of Commons and the other provincial areas, is really subject to the kind of external observation by members of the Legislature which is necessary to provide the check and balance that we believe our parliamentary system provides. And I think it's a very fundamental issue and one that we can debate and should be debating more seriously than we are.

We have attempted to try and do something on this committee that I think was really the intent of the Act. I think that at this point we have limited information. I've had private conversations with the auditor--Provincial Auditor. I think I understand the nature and scope as he sees it, and for that reason that this resolution was brought forward. Because, as a matter of fact, the request that he now has to make to the Minister in a situation in which there's allegations of mismanagement should not have to be made, particularly if it's the will of the Legislative committee to deal with it. This is why the Auditor-General has operated as he has in the House of Commons and is answerable to the committee of the House of Commons. Now Mr. Cherniack says he wouldn't want to have Henderson here. Well, that may be, but I certainly would like to have someone who would act in a way that Henderson did when he was requested by the majority on a committee to investigate certain matters and did investigate them and reported back to the committee, because I think that we are now dealing with two issues which are significant in themselves, but must be viewed in the light of the total perspective of accountability of governments today for the handling of funds and charges that may involve mismanagement and abuse of the public trust.

Now, in this situation, we have an opportunity if we really, you know, understand the nature of what we're talking about at this point, an opportunity to really move a giant step forward in the whole question of reasonableness with respect to accountability of government, and the government can take the posture that it has now, which is basically to say "no", and Mr. Cherniack can make a presentation as he did, essentially saying that the auditor will talk to him and he probably will have a discussion, and then maybe we will have some information given us.--(Interjection)--

MR. CHAIRMAN: Order, please.

MR. SPIVAK: You know, Mr. Chairman, at this point, if we're not prepared to do this then I think it puts into question and has to raise an issue as to why the government is not allowing this to happen. Surely they must recognize that the time will come when they will be in opposition. Surely the time will come when they will recognize that they will be put in the position as we are, in which they have a responsibility as we do--as the minority, not the majority--to provide that check and balance and to insist on accountability on the part of government with respect to funds, and to be in a position to question those areas of concern that have been raised, to determine independently and externally, not to have government investigating itself but independently and externally, that in fact the records have been maintained properly, that the procedures are correct, that there has not been a violation of the laws of the land. Because government is not above the laws of the land, nor is this Cabinet because they have a majority, nor are the members on the opposite side.--(Interjection)--So, for Mr.--no, but on the other hand we've already had one example where the government has said that the minority was prostrating the rights of the majority; and so what we had was an unprecedented use of power by the issuance of special warrants - and we are not finished with that. But that, Mr. Chairman, more than anything else, is the reason why this committee should be in a position to do the things that they're requesting.

Now if the auditor is in a position to talk about this Resolution at this point, and to indicate the nature and scope of what he's doing, if he is in fact doing something, then I would be prepared and will want to hear him on this. Then I would want to be satisfied that what is being done is consistent with this Resolution and, further, I would want one other thing, and that is the necessity of his reporting back to the committee so that there is a public overview of this, and it is not something that takes place between the Provincial Auditor and the Minister in the confines of the room, and by grace we are told about it. If that's the case, then in effect we have no Auditor-General at all. In fact, the question will arise whether we really have a Provincial Auditor.

MR. CHAIRMAN: Mr. Asper.

MR. ASPER: I just want to make a brief comment on the observations made by Mr. Toupin. Nobody on this side disputes the authority of government to govern. That is not the

(MR. ASPER cont'd) issue, and it would be a mistake for anyone to take the impression from what's been said this morning, or in the past over the same issue, that there's any challenge to the right of government to govern. What is being sought here is the right of the opposition to oppose, and that is just as sacred, if not more sacred, than the right of government to govern.

Mr. Chairman, surely the Minister for Recreation and Tourism, surely he and the Minister of Finance are not suggesting that because they have a majority on this committee or they have a majority in this Legislature, that that's it, that the opposition has no right. Because if they are, then we all know, we all know that they can pass or defeat any resolution in this committee; we all know that they can ride roughshod over the Legislature and pass anything they want; but we also hope they have enough commitment to the democratic process to understand the role of the opposition. The rights of the majority are not absolute and this is what the Minister was suggesting. And certainly I've heard it said in paraphrase by the Minister of Mines and Natural Resources that we will do, in effect, what we want and if you don't like it he'll throw us out of office four years later. This was the nub of what happened in Public Utilities last year.

Now if that's true, Mr. Chairman, it's also totalitarian; it's also tyranny of the majority, because that is precisely what's been said here, that "we have the majority and you don't have any rights; you can say anything you like but in the end we'll vote it down."

Now the commitment to the democratic process is this, that when government is accused of wrongdoing or inappropriate action or mismanagement, or what have you, it is the height of sham to say that we government, having listened patiently and reasonably to the opposition make the accusation, we will look into it and we will satisfy ourselves that we are okay; if we satisfy ourselves that we were not okay, then we'll correct it and we'll tell you that it's corrected - and that is a mockery, Mr. Chairman. What's being asked--and the principle that's trying to be established here and has been tried before in this committee, is that there has got to be some place in this world, some place in this process, that government cannot cover up what it doesn't want to come out. And I'm not making an accusation that that's the case but it certainly, for heaven's sake, takes on that proportion. It certainly looks that way, that government is saying: "We'll look into it; we'll hear the results, and we'll decide in our discussion what we'll tell you about what we did."

Now, Mr. Chairman, I appeal to the Minister of Finance. I withdraw my offer of public condemnation so that he won't feel uncomfortable. Mr. Chairman, if he won't accept the authority of this committee on an issue that accuses government to have independent reporting to the committee, then that is an affront to the principle of democracy. That is an absolute insult to all of the things we do as minority, because there's no point in our coming to committee, because we'll ask the Minister once here, "Tell us what you're going to tell us, because you're not going to tell us any more than that anyway." Then we'll go to the Legislature once a year and we won't sit here for four or five months, because our debate is meaningless, our contribution to hopeful government change in its legislative program is meaningless, because the government is saying to us, or the Minister of Recreation, Cultural and Tourism is implying, that any right of the minority, the opposition, to have independent information not screened by government but brought to us directly, is an attack on the governing process and, Mr. Chairman, that is - it is the essence of the government process, not the negative.

And again, there's no point in our wasting much more time. Either the government is going to accede to the concept of audit which is objective and not internal - objective is the key word - or they won't. The auditor of the province is the financial auditor for all of us. The opposition of the province is the political auditor for all of us; and the jury normally is the media who reports these proceedings to the public. Those three divisions of communication must be observed.

Mr. Chairman, if the government is saying, "We'll use our majority on this committee to thwart your request for objective, independent reporting," then it confirms everything we've been saying and we might as well go on to something else.

MR. CHAIRMAN: Gentlemen, I have two more speakers. I intended to ask the auditor . . .

A MEMBER: The majority isn't absolute. We're 60 percent . . .

MR. CHAIRMAN: . . . to comment to clear up some of the items under discussion in a moment, but I have Mr. Toupin and Mr. Cherniack on my list.

MR. TOUPIN: Mr. Chairman, again speaking to the resolution before us, if this

(MR. TOUPIN cont'd) committee decided to vote in favour of the resolution before us instructing a Minister of the Crown to do anything, it happens to be that we're instructing the Minister of Finance to request the Provincial Auditor to do certain things. Nothing would prevent a committee of the Legislative Assembly to instruct any Minister of the Crown to revert back to the status quo of 1969 prior to the coming of this government, and that to me is taking away the right of the people to have a political party govern a province, and that was my main point. And for that reason, certainly I would not allow as a Minister of the Crown, elected and chosen by an elected body, to govern the affairs of the province. This does not mean, Mr. Chairman, that we can't be allowed, as members of a committee, whether we be of the governing body or of the opposition, to ask questions of the Provincial Auditor's report before us and to ask questions of any Minister of the Crown in the House - and we do so. I don't have to tell the members of the opposition how to play the role as a member of the opposition; how to bring to the attention of the public things that they feel is not correct - and they do so. Maybe they could do so more effectively, but they attempt to do so. But that is the right that is exercised by members of the opposition. But we can't allow a committee of the House to instruct Ministers of the Crown to act differently than what they decide is a proper manner to administer a province.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Well, Mr. Chairman, I agree with what Mr. Toupin said. I started this morning by saying that the Conservatives want to play a game of tactics. I still believe so, because so far we haven't heard from the auditor yet on the scope of his role, and when I recorded my conversations with him, Mr. Spivak, I think, or Mr. Asper or both, made some suggestion that he was limited to what I discussed with him, and I thought I did make it clear that, just as Mr. Spivak told us that he had spoken to the auditor, so have I told this committee that I spoke to the auditor, as, I think Mr. McGill will recognize, I said long ago is the right of anybody to talk to the auditor about the scope of his audit. I did report the extent to which I understood that he felt his authority and his duty was to the Legislature in relation to matters such as this. I thought I should report it because so far he hasn't been able to speak up. I want to repeat only that I believe that the function of this committee is to deal with what was referred to it, which is the report of the auditor, the Public Accounts, and anything coming from it, and to me that includes discussing with him what he is doing along certain lines. The one place that I balked before and I guess I would still balk unless the Legislature changes it, I don't think that we have the authority to instruct him to do anything other than what he considers within the scope of his work, or to make public a report which he himself doesn't feel is necessary. By the same token I know there is no way we can prevent him from making public anything he feels he has to make public, and I want to keep that independence there. There's talk about an objective report, there's talk about an independent report - I honestly, sincerely believe that that's what we're getting from the Provincial Auditor and I think that we ought to find out if we are or not, because if we aren't then we've got to change our attitude. But members of the opposition have expressed doubts; I've never had that doubt about him. I think we ought to find out the extent to which he proceeds to do that kind of audit which he thinks is within his . . .

MR. CHAIRMAN: Mr. Craik on a point of privilege.

MR. CRAIK: The opposition has not expressed doubt about the auditor.

MR. CHERNIACK: Mr. Craik has. I'm sorry.

MR. CRAIK: Mr. Craik has not expressed doubt about the auditor. The doubt that's been expressed is whether the government can adequately and objectively examine itself.

MR. CHERNIACK: Well, Mr. Chairman, I'll be glad to withdraw the statement I made subject to my being able to look back and see what Mr. Craik said about the auditor's scope himself and his independence, because my impression is that he made it pretty clear. However, I do withdraw it subject to my being able to prove it. So, Mr. . . .

MR. CHAIRMAN: Mr. Asper on a point of privilege.

MR. ASPER: Yes, the same point that the Member from Riel raises. I used the terms "objective report", "independent report", meaning I wanted from him to me. That's objective. But we make no suggestion whatever that the Provincial Auditor is not independent or objective. What the use of the term was, was aimed at the report of objectivity being made by him to us, not through you.

MR. CHERNIACK: Well, Mr. Chairman, I do not withdraw what I said in quoting Mr. Asper because I was not quoting him as of today, I was quoting him as of the speech he made

(MR. ASPER cont'd) in the House; and that I remember clearly, that he indicated that the Provincial Auditor was under the thumb of government - and that's not his words, my words, but paraphrasing what he said. So that, I think, is pretty clear in my memory, that Mr. Asper did express these doubts. However, if he wants to withdraw those and make it clear that he accepts the Provincial Auditor's independence and objectivity, then I would invite that we start talking to the Provincial Auditor about the extent to which he may be - and I will freely say I did not request him to examine the records of the Communities Economic Development Fund, I'd be interested in knowing whether he has done that, whether he is doing that, whether he is concerned about the others. But that, I think, would be a matter . . .

MR. ASPER: Referring to what the Minister of Finance said that I said in the House, that stands. And what the Minister of Finance has done this morning has proved my point. He says we, the Legislative Committee, cannot instruct the auditor, he the Minister of Finance will instruct the auditor, and he proves categorically that what I said in the House was correct, that he is under the thumb of the Minister of Finance, because only he will instruct - and that's the point.

MR. CHERNIACK: . . . section of the act which refers to my . . . Do you have the Provincial Auditor's act there?

MR. CHAIRMAN: Gentlemen, if we might now hear from Mr. Ziprick, I am sure he's ready to explain what he has done in the way of audit and . . .

MR. ASPER: What about the motion?

MR. CHAIRMAN: . . . how it pertains to the particular motion that's being discussed.

MR. CRAIK: Mr. Chairman, could we not vote on the resolution and then go back to that?

MR. ASPER: On a point of order, Mr. Chairman, is the auditor going to speak on the motion?

MR. CHAIRMAN: He's just giving us some information as it pertains to the motion, what is . . .

MR. CHERNIACK: . . . speak on the motion.

MR. CHAIRMAN: Well, gentlemen . . .

MR. ? : Are we not seeking information from the auditor at this point for our own edification and . . . ?

MR. CHERNIACK: There seems to be some thought we should vote first and later-- personally I don't care when we vote on it. I agree that the auditor has no right to speak to the motion, nor would he speak . . .

MR. SPIVAK: On a point of order?

MR. CHERNIACK: . . . speaking on the order that was raised as to the Provincial Auditor's . . .

MR. CHAIRMAN: Mr. Cherniack, proceed.

MR. CHERNIACK: I think it's clear that he cannot speak to the motion, nor do I think it is within his purview to advise us whether the motion is in order or not, but I think that as a matter of information he could be asked at any time to give information, and frankly, I don't care whether it is before or after we vote on the motion.

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

MR. JOHANNSON: The motion is before us. If the auditor spoke he would be speaking on the motion, so the motion should be disposed of first and then we can--I'm quite willing to ask the auditor about his role at Wabowden.

MR. CHAIRMAN: Mr. Spivak.

MR. SPIVAK: Mr. Chairman, I would think that we are entitled to receive information from different people at different times. I would think what we now request before we vote on this motion is information from the Provincial Auditor, and I think this is what our request is and I don't think there should be any problem with it.

MR. CHAIRMAN: I think we're all seeking information and if this is something that's going to clear up a lot of the points that we've been arguing about, I can't see what harm there might be in it in hearing from the Provincial Auditor at this time. I'm sure he has some information that would be helpful to members who have been discussing the motion for the past hour. Mr. Craik, on a point of order?

MR. CRAIK: The reason we're doing it, just so the procedures are consistent, is that it's been indicated at this meeting by the members of the committee that the Provincial Auditor was in fact looking at the case we're talking about, the one in question at Wabowden,

(MR. CRAIK cont'd) and that we'd be remiss if we didn't allow him to present his case before we voted on the motion. It's a question in looking at it, Mr. Chairman, as to whether what the auditor is doing is consistent with what we're asking for in the way of an investigation by the auditor.

MR. CHAIRMAN: That's right. I can't see any purpose to be served in being completely technical at this particular time, and I would like to hear myself from Mr. Ziprick, which I'm sure will throw an awful lot of light on the subject matter. Mr. Ziprick.

MR. ZIPRICK: Well, just to give you an idea of what we're doing, and probably some of the information that I can give you may be helpful to you in your discussion with the resolution, we are now auditing or looking into the accounts of the Communities Economic Development Fund and concentrating particularly on J. M. K. and R & M Construction accounts, and that is the accounts and the information that's in the Communities Economic Development Fund.

Now when it gets into the third party situation, this is a person that's got a loan or some public money of one kind or another and it's not in any way part of being a government agency. This is where the difficulty seems to arise and that is, as far as I'm concerned, I don't know of any section in my act or any act, that permits me of my own choice to just say, well look-- present myself at that particular party and say, you know, "I want to take a look at your books." Now it could be possible but I'm not sure; to my knowledge the Auditor General of Canada doesn't have that either. Now whether you would want to amend my legislation so that you'd put the auditor into that position, I don't know.

On the other hand, I know that the Minister of Finance or the Lieutenant-Governor-in-Council have specific authority that the moment that anybody gets public money of any kind, that they can order me to go in and audit their books, so that this is where the distinction is. As far as I'm concerned, and I've searched the act, the act in some areas is not too clear; maybe if it was taken and searched by the lawyers they'd come up and say, "Yes, you have that authority," but I've never used it, if it's there, and any time there was any concern that a third party was abusing public money, I've always referred it to the government, explained to him what my concern was about abuse of public money, and asked for authority to go in there. So under those circumstances then, either the Minister of Finance or the Lieutenant-Governor-in-Council who have specific authority by legislation to order me in there to do the work, then I have full right to move into this third party, ask for books, seize books, make whatever enquiries that I may need and report back.

Now as far as doing any work in conjunction with the operations of any agency and the province itself, there's just no question; we carry that out all the time.

MR. CHAIRMAN: Mr. Ziprick, I just wondered - the authority that you seek, if you didn't ask for that authority, what would you do then? What did your . . . if you didn't get the authority . . .

MR. ZIPRICK: If I didn't get the authority, then I'd be obliged to explain the situation in my report to the Legislature, that the public money has been given to somebody, I have evidence that it hasn't been properly used, I tried to get permission, either move in myself or ask the government to get somebody else in there so we can get the complete story on it, that I have not been granted that kind of authority and that's not been done, and this is where the situation stands. And once I've reported it to the Legislature I feel I've discharged my obligation.

MR. CHAIRMAN: Mr. Spivak.

MR. SPIVAK: Then what you're basically saying is that without the government authority, either by the Cabinet or by the Minister, basically saying that you now have a right to go in and follow through into the private companies, there's no way that you can go beyond the records of the Communities Economic Development Fund which you are auditing, which are available to you.

MR. ZIPRICK: As far as I know now, that's the situation. I have never checked with legal counsel on it myself . . .

MR. SPIVAK: That's your belief.

MR. ZIPRICK: . . . but that's my belief.

MR. SPIVAK: So that the scope of your audit at this point is narrowed really at this stage to the Communities Economic Development Fund and its records of the company. In the case of CFI you were given instructions by the government to go in and follow through.

MR. ZIPRICK: That's right. That's right.

MR. SPIVAK: So therefore this resolution, without getting involved in the wording of it,

(MR. SPIVAK cont'd) which if passed and gave an instruction to the Minister, or request the Minister to give you that authority, would then if he so gave you that authority based on this resolution, would then give you the right to follow through into the companies.

MR. ZIPRICK: Yes. As a matter of fact this resolution is worded, if the Minister was requested he can certainly instruct me. The Minister doesn't have to request me. Under the Financial Administration Act and the Auditors Act, he can instruct me to go and audit some other agency outside of government to the extent that there's a lack of accountability of public money. Now he certainly cannot control me as to what I do within the province's accounts, but as far as the outside as I understand it now, I cannot touch an outsider unless I get direction either from the Minister of Finance or the Lieutenant-Governor-in-Council.

MR. SPIVAK: One other question, Mr. Ziprick. Do you believe that you could do a proper audit without having the ability to be able to have the records of the company as well?

MR. ZIPRICK: Well, in this case I can tell you just where it stands. The auditors were in there checking the accounts of CDF, they've presented me quite a voluminous report on Thursday - or was it Friday? I took it home over the weekend, I studied it quite thoroughly; I'm at the position now that I have to do a little more work to be in a position to say whether we need to go into the other books or we don't at this stage. One of the areas that concerns me is there's another firm of chartered accountants, Dunwoody and Company, have done quite a bit of work, there's evidence of reports. I don't know how much work they've done, and I can't really assess in my mind how much it's covered and I'd like to talk at least to them and ask a number of questions of officials, and once I get that information then I would be in a position to say whether we need to go further and do more auditing in these areas for accountability or not. At this stage I am not in a position so I couldn't tell the Minister, or ask the Minister of Finance to give us authority or not, because I'd like to clear up these questions. So that's the stage it's at right now.

MR. SPIVAK: You have not seen the Dunwoody, Saul and Smith report then.

MR. ZIPRICK: I've seen the report, and on the basis of the report I observed that they have done quite a bit of work, but there are questions that I'd like to ask them because their report does not give me an indication of what their feel was for the situation. They deal with specific difficulties, and what I'd like to know is how complete was their overview or did they just confine themselves very narrow before I'd want to expand on it.

MR. SPIVAK: But the report, Mr. Ziprick, said that they couldn't audit it because the records weren't available to them and that they didn't even vouch for the accuracy of what they said.

MR. ZIPRICK: No, it's not the report that I read. The report that I read, it was explained that the records were not too good, but they did gather up information and from that information they presented financial statements that are quite complete, and they explained each item on the financial statements of how they arrived at it. Now I would like to question them or get more information from them on some of the backup, the condition of the record, whose responsibility was it to maintain the records and who really fell down on the job.

MR. SPIVAK: Have you seen the report of Hawkins and Company?

MR. ZIPRICK: No, I haven't seen that report.

MR. SPIVAK: They tried to outdo the opening balances on which Dunwoody, Saul and Smith ultimately tried to bring their report - you haven't seen that yet?

MR. ZIPRICK: No, I haven't. I've seen reference in the file but I have not seen that report.

MR. SPIVAK: Would you object to instruction being given to you to pursue the records further into the companies at this point?

MR. ZIPRICK: To me it's not a question of objection. If the Minister of Finance or the Lieutenant-Governor-in-Council tell me to go in there I will go in there, but I won't go in there unless I do have that kind of instruction, because otherwise I'd get over there, ask for the records, and they'd say, "Well, what authority have you got?" And if I can't present it, then I can't have the records available, so we will never go in until we're satisfied that we've got such legal authority that the records will be available to us, or otherwise we would just put ourselves in a very embarrassing position. So before we will make a move we'd want to be absolutely clear that we have the kind of authority that if there's any obstruction or objection that we can bring in the police, if need be, to make those records available to us.

MR. CHAIRMAN: Mr. Asper, a question?

MR. ASPER: . . . on the availability of the records of customers of government agencies, we--certainly my recollection pre-entering into public life, was that every time MDC or any other government agency made a loan there was a clause in that agreement that gave total access to the financial records of the borrower. Would there be no agreement - we're talking about the two construction companies - surely there must be an agreement between them and CEDF giving a requirement that the borrower make his records available to CEDF financial officers. That's been the case in MDC up until, say 1969-70, when it was the last time I was involved.

MR. ZIPRICK: Oh yes, there's no doubt that the CDF financial officers can have access to the records. It's a question of we don't want to go in and start being representatives of CDF. If we go in, we want to go in there as independent and regardless, because after all to an extent if we go into a company that CDF is dealing with, we want to be in a position not to be directed but have our own independent authority, and this is what happened in connection with CFI.

MR. ASPER: You have the legal authority to say to CEDF, you right now, without talking to the Minister, you have the authority as I understand it to say to CEDF, "Produce your records." You also have the authority to say to CEDF, "Exercise your powers under your lending agreements to call upon your customer to produce its records to CEDF," which you can then audit. I don't--unless there's been a change in government lending procedures.

MR. ZIPRICK: No, I think I see what you mean. It's fine, but to carry out an audit--for instance, the kind of audit we carried out in CFI, the production of records isn't enough . . .

MR. ASPER: I see.

MR. ZIPRICK: . . . and they brought the records, but we've got to question people . . .

MR. ASPER: I see.

MR. ZIPRICK: . . . and they've got to subject themselves to questioning and if they don't, we have to have the right to be able to insist on it. If we're as a matter of fact just bringing the records, we probably saw quite a few of the records already that they're working on, but that's not the answer . . .

MR. ASPER: Right.

MR. ZIPRICK: What the answer is, we've got to be behind it, talk to the president or whoever it may be, and they're obliged to answer; and if they don't answer then we can take action.

MR. ASPER: And I think you told the Leader of the Opposition that, given the authority by the Minister of Finance, you can do that.

MR. ZIPRICK: When we're given it, when I'm given that authority by the Minister of Finance, then I can go in there and act as a full Commission of Enquiry, if need be, and get evidence under oath.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: I just want to clarify our relationship. As I understand it, you can be directed by the Minister or by the Cabinet, by the Lieutenant-Governor-in-Council, to do something. That's one thing. That's Section 15 of your Act.

MR. ZIPRICK: And there is a section in The Financial Administration Act, Section 86 of The Financial Administration Act.

MR. CHERNIACK: Is it different from . . . ?

MR. ZIPRICK: Well it's a little--we've always looked at those as being combined sections that give us absolute, more or less, powers to go in under the circumstances.

MR. CHERNIACK: Possibly Committee would like it read, Mr. Chairman. I'm not familiar with it.

MR. CHAIRMAN: Section 86 - Reports by a Provincial Auditor. The Minister may request the Provincial Auditor to investigate the financial affairs of any organization that receives financial aid from the government and to report thereon to the Minister; and the Provincial Auditor shall investigate and report thereon to the Minister as requested.

MR. CHERNIACK: Thank you, Mr. Chairman. Well then, let me go on with my questions to Mr. Ziprick. You have already stated that if you wanted this kind of direction and didn't get it, then you would think that you would report it in your Annual Report.

MR. ZIPRICK: That's right.

MR. CHERNIACK: Can you tell me, have you--(Interjection)--Well, have you ever had occasion, Mr. Ziprick, to make a report in this report, or in other words have you ever been refused this kind of authority or direction?

MR. ZIPRICK: No, as long as I've--well, ever since the Provincial Auditor's Act came into effect we've never been refused and we had, prior to when I was in the Department, under the Controller-General's Act, we had a similar authority to go in to third parties and it was never refused. At no time, to my knowledge, was there ever refusal when the need was to go in.

MR. CHERNIACK: Mr. Henderson has referred to the--by the way, this isn't the Auditor-General whom I would not want to copy--that Mr. Henderson did suggest that the report came late. Is there anything to prohibit you, Mr. Ziprick, from making a report in-between your annual reports to the Legislature on any matter that you felt needed public exposure?

MR. ZIPRICK: Well, as the legislation stands now I think that it specifically says I shall report annually to the Legislature, and I think that this is a consistent kind of report that all the various Auditor-Generals of Canada have now.

MR. CHERNIACK: You mean you don't have the right to make a report to the Legislature in-between your annual reports if you felt it was necessary or advisable to do so?

MR. ZIPRICK: Well when the Legislature is sitting and if there is some--I've always looked at it this way, that when the Legislature is sitting and there is something of great urgency that required the attention of the Legislature, I'd want to bring it before the Legislature one way or another, but I have never had that occasion to be that concerned.

MR. CHERNIACK: Then I want to ask whether you have any hesitation, Mr. Ziprick, in pointing out the advisability in getting the kind of authority or direction that you think you need in order to go into any other agency or - I forget the wording - to examine the audits of any person, institution, branch, commission, board, department or agency in any way receiving, paying or accounting for public moneys. Would you have any hesitation?

MR. ZIPRICK: Well no, I think it's my duty. If something comes to our attention that there may be lack of accountability, then it would be my duty to ask for it, and if I wasn't granted it it would be my duty to report to the Legislature because it's all part of accountability.

MR. CHERNIACK: Thank you, Mr. Ziprick.

MR. CHAIRMAN: Mr. Spivak. Then Mr. Craik. Mr. Henderson have a question?

MR. HENDERSON: Yes. You were saying that if you were requested by the Minister and you'd report back to the Minister, and if the Minister--he could deal with it or not, we'll put it this way. But if he didn't, you would include it in your Annual Report the next year. So in that sense, I mean, that it's a year behind before it's brought to the attention of the whole Committee in the Legislature in that case.

MR. ZIPRICK: Well, I think from a practical point of view the way it's been handled on one occasion some time ago, that a report is made to the Minister of Finance and if the Legislature is not sitting then he could release the report and make it public at that point. Now I would also put it into the report to the Legislature because I feel that just reporting to the Minister of Finance he may release it or he may not, so I have no assurances. So I would still follow up and report it to the Legislature in my report. Now that report would not be available until it was tabled in the Legislature. We don't normally release, make public releases when the Legislature is not sitting. But there is an avenue that could be made public by the Minister of Finance, could release it just as soon as he got it.

MR. CHAIRMAN: Mr. Spivak.

MR. SPIVAK: I defer to Mr. Craik.

MR. CRAIK: Mr. Chairman, in view of the comments of Mr. Ziprick, the wording that I had initially was the correct wording and I can see that the wording of the motion as presented here provides some technical obstruction. So I'd like to change it and reverse the position of "instruct" and "request" so that this will now read "that the Minister of Finance be requested to instruct." Now the word "instruct" is "request" in the Act, but the "request" in the Act is really binding on the Provincial Auditor so "instruct" is actually the more correct word, which Mr. Ziprick has used here in describing it. If he has an instruction from the government then he has the powers to then go and do what he thinks has to be done.

So I would move that the motion be amended to change the "instructed" to "requested" and it will then read "that the Minister of Finance be requested to instruct the Provincial Auditor to examine the records."

MR. CHAIRMAN: Do you have concurrence of the seconder, Mr. Craik?

MR. ZIPRICK: I just may add that--probably I should have commented--the four weeks, that this is not an easy matter, you must appreciate, and in four weeks with all our other work

(MR. ZIPRICK cont'd) we might be strapped for the timing, and I just wanted to indicate to you that we could probably present some kind of a report but . . .

MR. SPIVAK: Well, Mr. Chairman, I think that that's all that we require.

MR. ASPER: A progress report. Would this be acceptable?

MR. CHAIRMAN: Mr. Toupin.

MR. TOUPIN: I'd like to speak on the amendment. We're now requesting the Minister of Finance to instruct the Provincial Auditor to do something that the Provincial Auditor, as far as I have heard up till now, to a degree is doing some work involved. It's open to the Minister of Finance and/or the Provincial Auditor now. As an example, the Provincial Auditor can ask the Minister of Finance for the authority that he needs to pursue his audit in anything. And if that wasn't given by the Minister of Finance, Mr. Ziprick being the Provincial Auditor sees it as his responsibility to report it back to this Committee. So it's open both ways now for either the Minister of Finance or the Provincial Auditor to seek the authority needed to pursue whatever matters or authority are needed to go in depth into his responsibility as a Provincial Auditor. So I personally don't feel any need for the resolution as amended before us.

MR. CHAIRMAN: Mr. Spivak.

MR. SPIVAK: Well, I just make this point. There were allegations made by way of affidavit, there were counter--well, there was an answer by way of affidavit involving directors of the Communities Economic Development Fund. It would seem to me that Mr. Ziprick is saying that without the authority to be given at one point if he requires it, he wouldn't be in a position to examine under oath the person who made the first affidavit, the owner of the company including the directors of the Communities Economic Development Fund. It would seem to me that he requires that power if he is going to have a complete audit with respect to the three companies involved, and I'm not sure that he's involved in the third company at this point yet but I would suggest that, based on the information that's been forthcoming, that that requires an audit as well. And I don't know how many more - but that's another issue entirely.

Having said that, I think that there should not be any hindrance or any impediment on his ability to be able to do the review that's required, nor should it have to be done again in the confines of the room of the Provincial Auditor's Office or the Minister's Office. If we are to fulfill the function as a legislative committee, and if the opposition is to fulfill the function it must as a group who had some check in balance on government management and government spending, and we are to have full accountability, then I think the time has come - and I think we've had a very useful morning today in spite of what some may think - then I think the time has come for this ability to be exercised by the Provincial Auditor and for him to be in a position to make the kind of report that we'll know that there has been an external investigation - not an internal investigation - external investigation, and that there is a report to the Legislature. We'll make great progress if this resolution passes. If this resolution does not pass, then I would suggest that we really are back before this Act was passed.

MR. CHAIRMAN: Any further discussion on the resolution? Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, I don't know what Mr. Spivak means by an external audit or an internal audit. As far as I'm concerned the Provincial Auditor makes his audit his way. I have not had occasion to ask the Provincial Auditor to step in and start examining the records of the Communities Economic Development Fund and yet I find that he has reported to this Committee that he is already in the process. I think that's to his credit, not to the government's credit. That's the way he has reacted to what have been public statements.

By the same token, Mr. Chairman, I am not prepared, as a member of the Legislature - I'm not talking about my role as a Minister - to give credibility to every allegation that is made which is unsupported. And, Mr. Chairman, I have looked at the allegations produced by Mr. Spivak with all the drama that he can command, and I don't see that there are any real charges there other than . . .

MR. CHAIRMAN: Mr. Spivak, on a point of privilege.

MR. SPIVAK: The allegations were by the manager of the firm. They were presented in the House by myself but they are not my allegations, they are allegations by the manager of the firm, and they deal very, you know, they deal very directly with the Communities Economic Development Fund.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Now that Mr. Spivak has had the pleasure and satisfaction of denying they are his allegations I will repeat that I believe that they are his allegations.

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

MR. CHAIRMAN: Mr. Spivak.

MR. SPIVAK: The sarcasm of Mr. Cherniack is not warranted. Those allegations were by sworn affidavit by the manager of the firm hired by the Communities Economic Development Company for that company. And at least I want that record straight. He can be as sarcastic as he wants and he can continue his sarcasm, but the facts are the facts. They were sworn affidavits by the manager and those allegations were contained in those sworn affidavits.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Thank you, Mr. Chairman. In the three-hour performance that we've heard from Mr. Spivak, I believe that the allegations became his, and if he wants to disassociate himself from them he has not yet done so to my satisfaction. I believe . . .

MR. CHAIRMAN: Mr. Spivak on a point of privilege.

MR. SPIVAK: Now, Mr. Cherniack can debate and he can allude and he can suggest, but he is actually basically saying something that he knows to be incorrect, and he is saying--you know, if we want to talk about playing games. We're dealing with the question of the accountability of government and of one aspect of government with respect to the way in which public moneys were handled. The allegations made are made by the manager. They have been brought in and the affidavits have been brought in, and further, Mr. Chairman, I must say that the allegations also were made by way of a letter from the owner of the company to the Minister of Mines and Natural Resources, in which he essentially said that the company was taken out of his hands. Those are pretty significant allegations, and I'm sorry to continually repeat, but Mr. Cherniack at this point is intentionally misleading and fabricating something which politically may satisfy him but are not true according to the facts.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, Mr. Spivak in his three-hour delivery read certain material and gave it all the weight that I believe he could give to the "allegations" which - and I use those in quotation marks - which he read into the affidavit. I believe that he has supported them because he wants them to be believed, but in reading both the material he has supplied and in listening to what he has said, I do not see there that there are allegations that are of any consequence other than the question of management or mismanagement of the affairs of the CDF and by any of its officers or employees. I don't recall any allegation of fraud.

Now there are suggestions - and these I think come as clearly from Mr. Spivak and his group as they do from any written paper he presented; allegations of political - I guess the word bribery is too strong - vote-buying, and that is my clear impression of what it is that he wished to make clearly to present to the public. I don't think that I would feel justified to support a specific reference - he's been demanding a public enquiry, I think a Royal Commission for all I can remember - about these allegations which I don't even think alleged fraud or any criminal act, and I don't think that it's necessary to do more than what we've already heard from the Provincial Auditor: No. 1. He has himself, on his own, without being specifically asked to do so, gone into an examination of the Communities Economic Development Fund which is within his scope clearly. He has stated further that when he feels the desirability of going beyond his present scope, he would then come to government or to the Minister and ask for the authority he needs to go beyond his normal scope, which is very broad - which means, as he told us, he has the right to examine people, strangers to the government process, not civil servants; he has a right to question them, he has a right to seize documents, and I believe that that kind of right has to be used with a great deal of discretion and with authority. He can get that authority under two acts and he has indicated clearly that he does not expect to be refused, neither does he have any hesitation to do so.

I want to make it clear that the only occasion when the auditor has informed me that he plans to ask for that authority recently, I have told him that he will get it. All he has to do is ask for it. And I say again to him publicly and to others, that if the Provincial Auditor asks for that kind of authority, I wish to give it to him because I want him to be free to carry on the investigation that he feels is necessary. But I don't want to be in a position of telling him to carry out an investigation that the Conservative Party wishes him to carry on, unless he himself feels that he ought to be doing it, in which case he doesn't have to be asked, he will do it.

So, Mr. Chairman, as far as I am concerned, from the minute this meeting started, the points requested or instructed or demanded in this proposed resolution were all matters that the Provincial Auditor was free to and I believe is in the process of doing, and it has been made

(MR. CHERNIACK cont'd) clear to this committee that if and when he indicates the need for the kind of direction that is authorized by the Act, and which is suggested by his motion, he will get it, and therefore to vote in favour of this motion to me is to give credibility to allegations which I don't think are supportable. May I say that it is again within the right of every person I suppose in Manitoba - Mr. McGill might repeat that phrase - every person I think has a right to inform the auditor, but he has more, he can take a sworn affidavit, and he can take it to the police and he can lay a complaint, or he can make a charge, or he can ask for an investigation, but I don't think that any MLA has the right to gather what he thinks are allegations and merely by having them demand a full-scale investigation. And I for one don't think that he should be entitled to that unless the majority supports him in that, and I don't think he needs to have that support because we have a clear indication from the Provincial Auditor that he is doing exactly what he thinks is necessary, and I think that that's good enough for us to judge on the basis of an objective, independent review by a person who has the competence and the opportunity to carry out that kind of an investigation.

MR. CHAIRMAN: Mr. McGill.

MR. MCGILL: Mr. Chairman, at the beginning of Mr. Cherniack's remarks he said that as a premise that the auditor had already stated that he was looking into certain matters with regard to the co-operatives, but I would remind Mr. Cherniack that what the auditor said to me and to the committee, if I recall correctly, was that he could only go so far in his investigations . . .

MR. CHERNIACK: I don't think he mentioned co-operatives . . .

MR. MCGILL: . . . and that he needed an instruction from the Minister or the Legislature in order to proceed beyond a certain point, because his authority was limited by the Act and he needed that in order to proceed. It seems to me that we as a committee are attempting to request Mr. Cherniack to instruct him to give him that authority to go beyond a certain point. Now the investigation is not worth really very much unless he has complete authority to proceed to the point at which he feels he has all the evidence necessary. Mr. Chairman, I feel that we, to paraphrase another Minister of the Crown, we would not - and I am sure Mr. Cherniack would not want one iota of evidence to be denied from the Public Accounts Committee or from the people of Manitoba. Not one iota. And in view of that position, which I would think represents the position of this government, there may be a danger that one or two iotas are not going to be uncovered unless the instruction is received from the Minister of Finance. So, Mr. Chairman, I think that we have it pretty clearly understood now after listening to Mr. Ziprick that he would like to have, would want to have an instruction which would provide him with the necessary authority for a complete investigation, and I would move, Mr. Chairman, that the question be put.

MR. CHAIRMAN: Mr. Asper and Mr. Cherniack.

MR. MCGILL: I'm sorry, Mr. Chairman, my motion is not debatable I believe.

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

MR. CHAIRMAN: Point of order.

MR. JOHANNSON: . . . the moving of the question is debatable I believe, but we can check it in our own rule book, and I would ask that the Chairman check with the Clerk of the House.

MR. CHERNIACK: It would be quicker maybe to hear the two who want to talk.

MR. MCGILL: Yes, I only have a minute, Mr. Chairman.

MR. CHAIRMAN: Our rules state that the motion is debatable. Mr. Asper. Do you wish to speak on a point of order, Mr. Johannson, or . . .--(Interjection)--Mr. Asper.

MR. ASPER: Well, Mr. Chairman, I'll only take a minute because I agree with the principle that the question should be put.

I began listening to the debate on the motion half convinced that the Minister of Finance was fighting to protect a principle that he could not be ordered or instructed or demanded by a committee of the Legislature, that's the way the Minister of Tourism and Recreation addressed himself to the issue, and I think the Minister of Finance did too. We now know that isn't the case, because the mover and seconder have amended the resolution to make it a permissive resolution, one which has tremendous weight, one which carries with it the authority of a request - which is a polite way of doing it - and the Minister still finds it unacceptable, so the issue was never request or demand or instruct. There's a lot of smoke over that one. The issue was that the Minister will not, according to what he has just said, he will not allow an

(MR. ASPER cont'd) investigation now. The choice of the government and the Minister was two-fold, they could thwart the Opposition this morning and risk the bad public relations, the bad political consequences of using its majority to thwart a reasonable request by Opposition, which would have political connotations. Or they could allow the request to go through and have the objective audit reported to this committee. The government has obviously made a choice; but the political damage to it of refusing an investigation by the auditor is less than what the auditor would turn up, because that's the inescapable conclusion I have to reach. I think any reasonable person would. And so I make that observation as a final appeal to the Minister, in case he hadn't seen it in those terms, that there will be political adversity suffered because the government has squashed the committee and said you can't do it, but he's obviously going to be interpreted as saying the political consequences of full disclosure are even more severe. I ask him to think about it in that light when he casts his vote.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, Mr. Asper has just justified my rejection of a need for his commendation. What he said that the discussions have shown that I will not allow an investigation. Mr. Chairman, it seems to me that if anything is less truthful than that as a description of our discussion, then that statement is it: "He will not allow an investigation." Mr. Chairman, Mr. Asper is the one who came out openly and made clear that we are now in the political arena, and made clear that he is now confronting us with a choice between political position and a true investigation. On his terms we now have to play his game.

MR. CHAIRMAN: Point of order, Mr. McGill?

MR. MCGILL: The motion before the House is whether the question be put and I think the debate is straying from that point, whether the motion now be put or not is the question before the House, and I think, Mr. Chairman, you should confine the debate to that motion.

MR. CHERNIACK: I guess, Mr. Chairman, what I'm trying to do is to point out the need for further debates to indicate what it is that I would want to say, because, Mr. Chairman, I have already said early this morning to this committee, but I also said it to the Provincial Auditor three weeks ago and again yesterday, that the authority he requires will be given to him on request; and I've already indicated that he has told me that he will be asking for the authority or direction in connection with the fishery co-ops and that I told him that as soon as I get his request I will give it to him.

MR. MCGILL: On the same point of order, the Minister is not debating the motion before the committee; he's going back to the original points in connection with the original motion.

MR. CHERNIACK: Mr. Chairman, I'm just about through anyway.

MR. MCGILL: Your views on why the motion should be . . .

MR. CHERNIACK: On why the motion should be debated. Because I think I have a matter of privilege as well. It has been stated that I will not allow the investigation to be made, and I'm pointing out that I've already said earlier that the authority required by the Provincial Auditor will be given on request; he has indicated he will be requesting it specifically on the fishery co-ops, and I said that when received it will be given. And further he said that he's dealing with Dunwoody Saul on this particular item related to the CEDF and if, as, and when he finds that it is advisable to go beyond his scope he will then request it, and I think he's made it clear, and I have made it clear, that on request it will be given. Therefore, I say this motion is unnecessary and is only supportive of a political stance.

MR. CHAIRMAN: Are you ready for the question? All those in favour of the motion? Let the motion be put.

A COUNTED VOTE was taken.

MR. JOHANNSON: On a point of order, would you read out the names of the committee members, because there are some people here who are not members.

MR. CHAIRMAN: The Honourable Ministers: Cherniack, Toupin, Turnbull, Uruski; Messrs. Blake, Asper, Craik, Henderson, Johannson, Malinowski, McGill, and Walding.

MR. CHAIRMAN: We're voting on the motion with - I don't know whether you want to call it an amendment or an editorial change. Are you familiar with the motion? Would you like me to read the motion?

Moved by Mr. Craik, seconded by Mr. Henderson, that the Minister of Finance be requested to instruct the Provincial Auditor to examine the records of the Communities Economic Development Fund, with particular reference to J. M. K. and R & M Construction and Schmidt Cartage, and to report back to the Public Accounts Committee within four weeks

(MR. CHAIRMAN cont'd) as to the details of operation on all significant accounting information and whether the financial affairs have been organized and conducted on a sound basis.

A COUNTED VOTE was taken the result being as follows:

AYES, 4.

NAYS, 7.

MR. CHAIRMAN: I declare the motion lost.

MR. CHERNIACK: Mr. Chairman, are we considering that we've been dealing with the report of the auditor?

MR. CHAIRMAN: Yes.

MR. SPIVAK: Mr. Ziprick is in a position to answer on the co-ops or indicate a preliminary report, and I wonder if we can receive that now.

MR. CHAIRMAN: We're on the auditor's report. Mr. Ziprick, do you have that?

MR. ZIPRICK: Yes, as mentioned previously when there was some evidence of concern with regard to the Department of Co-op operations, I asked the auditors to go in there and carry out a review. We have carried out quite an extensive review, it's not fully completed as yet, and latterly we've confined our review within the area of the South Indian Lake Co-op. Now it seems that the South Indian Lake Co-op had operated on a relatively modest basis until about a year and a half ago, or two years ago; the department supervised the co-op, and everything seemed to be all right. Then about a year and a half ago, or approximately that time, there was an expansion in operations with a view to building a big plant including a fish processing plant. Now when this had taken place the department became very involved in the affairs of the co-op. They have carried on in conjunction with the board in management capacity, therefore the latest financial statements that were presented and certified as audited by the Co-op Department, we find them to be unacceptable in this way as an independent accounting of public funds. So as a result I've met with the Minister of Finance and indicated that to get a public accounting an independent audit will be required and we should have that authority, and I've been assured that we're going to have that authority, then we will proceed to carry out an audit on the records of the South Indian Lake Co-op. I may add that I think it's some time in October, or anyway last fall, the department had hired an accountant to look at or review the records and work on it. He has been working on the records for some time; he's bringing them up, and we have had a number of discussions with him, and just as soon as the records are ready, and even before to a degree, we will proceed to carry out work in this regard. Now our audit will be quite complete in all the accounting for funds of the various kinds, PEP, from fish and whatever that was received by the co-op, and once we've completed the audit then we will make a report to the Minister of Finance in accordance with the Act, and we'd also report to the Legislature in due course whatever we consider should be reported on.

MR. SPIVAK: I wonder if I can ask a number of questions. First of all, can he now indicate whether the source documents for Southern Indian Lake are available to him at this point?

MR. ZIPRICK: Getting into the detail - I wonder if I could ask the assistant Provincial Auditor to come forward and give answers to these questions because he has been directing this phase of the enquiry; he's been briefing me on the general phase, but on the details whatever he knows I haven't been briefed, so it would be better that these questions be put to him. Is that acceptable?

MR. CHAIRMAN: Yes. Fine.

MR. SPIVAK: Can you indicate whether the source documents are available for an audit of the Southern Indian Lake Co-op?

MR. JACKSON: The source documents pertaining to the South Indian Lake Fisheries Co-operative Limited?

MR. SPIVAK: Yes.

MR. JACKSON: No. We have not undertaken an audit to date of the South Indian Lake Fisheries Co-op Limited. This is the area that Mr. Ziprick alluded to earlier that he was prepared to ask the Minister for authority to proceed in this area and that we would be proceeding into this area shortly.

MR. SPIVAK: But at this point in trying to determine whether those documents were available, have you determined that they are not available at this stage?

MR. JACKSON: We have determined that there are accounting records available on site

(MR. JACKSON cont'd) with the Department of Co-operative Development for South Indian Lake. The actual supporting vouchers, etc., are on site at South Indian Lake.

MR. SPIVAK: Can I ask something? Mr. Ziprick, you say that it's unacceptable that the way in which the audit by the department was undertaken for Southern Indian Lake, but is it not a fact that the audit procedure, that is the actual audit being undertaken by the Department of Co-operative Development is in fact the similar way in which the audit of all the co-operatives have been handled?

MR. ZIPRICK: Well, to a degree except that we would differentiate the independence in instances where the board of a co-operative is very active and directs its own affairs and the department really is only an audit function, then there is a fairly complete independence, whereas in this case the Board because of, I don't know, the enlarged operations, it seems that there was a diffusion of responsibilities and the department together with the Board were acting in a managerial capacity. So that to this extent, the department in carrying out the audit was not independent, and this is why we would find it unacceptable because it's not independent. We are going to take a look at the others, we have taken a look at one or two already; we're going to review all of them with a view to see that there is independence.

We have also discussed the matter of the procedure as a whole as to whether the audit - probably the most desirable feature in this whole operation would be to have outside auditors appointed for a co-op, and in some instances they are under the Companies Act, and when they complete an audit and certify, then it's just like any other company that's incorporated under the Companies Act. But we appreciate because of the remoteness where these people operate and the difficulties, and it might be a very costly situation, that in some instances it's just not practical to get outside auditors, so that the department has to undertake the obligation as it stands now, and it has that authority under the Act.

Now we will take a look and see if there is concern for independence; we may recommend that the responsibility be transferred . . .

MR. SPIVAK: Can you now indicate that there are cheques on the trust accounts with respect to PEP grants that cannot be traced?

MR. ZIPRICK: I'll turn this over again, Mr. Jackson has looked at some of this area. I don't know to what extent and I'll let him . . .

MR. JACKSON: We are in the process of reviewing the PEP grant to South Indian Lake at this point. Now our audit isn't complete. We have found no cheques that we can't trace at this point in time. We find from the records that are available that there are some cheques issued that are unsupported as to supporting documentation at this point in time. These are being queried and will be followed up with the accounting personnel responsible.

MR. SPIVAK: Again, and back to Mr. Ziprick, because I think what I'm concerned about at this point, and my reason for raising the question is that I would think that what you are basically saying now is that the audit and the request from the government will be to deal with the Southern Indian Lake Co-op. I'm putting it to you that at this point the degree of management of the Department of Co-operative Development on the other co-operatives is something that unless there is an audit, you are not going to be in a position to be able to determine externally. And if in fact the procedures are unacceptable to have the Department of Co-operative Development audit a co-operative that they either managed or supervised with a large degree of management, that's unacceptable in terms of public money, then surely at this point the position should be there should be an audit of all the co-operatives that are supervised by the department so as to make the assessment as to whether in fact the procedures followed there were correct in the handling of public moneys. Now I realize that opens up a much wider scope but at this point if the principle is right with respect to Southern Indian Lake, if the principle is right that the Department of Co-operative Development should not have been auditing a co-operative in which they were involved in its management, then the principles should be right, I believe, that none of the co-operatives which have been supervised should have been audited by people who are not trained accountants to begin with in the first place, who are acting as auditors of the co-operatives. Surely then the scope of what you should be doing would include that full range of examination of all the co-operatives and the way in which public money has been handled in this respect.

MR. ZIPRICK: Yes well our scope now is of that range. We will take a look, or we have taken a look at others. We will ultimately take a look at all the co-ops and see what the situation is, but I don't want to commit myself to a position that we are going to go in and start

(MR. ZIPRICK cont'd) interfering in the affairs of co-ops that seem to have a very strong board, that are operating the situation, and it's quite clear that the audit that was carried out by the department was really an independent audit and there's no problem. I just can't see the need of molesting these people with another audit if it's quite clear that everything is proper.

Now as to the matter of principle, the department has now engaged an accountant and created a section which is going to be called an audit section. The chap that's being employed and is working now, some of our auditors have knowledge of him; they feel he's quite capable and a qualified accountant and auditor. As to whether he should be reporting and still be placed within the department, we will take a look at it and if it is not desirable that this be carried on in this way, we will have some recommendation.

There is always a difficulty on too far a separation in the audit in this kind of areas too, because then you get an element of communication, and to be most effective you have to have some of these responsibilities correlated. This question has now been raised; we are taking a look at it. We will take a very serious look and if there is concern, but, as I said before, the more desirable would be that these corporations which are in effect corporations incorporated under the Companies Act who have their own Board of Directors and carry out their own affairs, that they should be audited by auditors that they themselves as a corporation appoint, and the department should then just be purely in the responsible position of supervision. But the Act permits them to carry out an audit, and I can see why it was built into the Act because the remoteness of the situation it's not always probably very practical to get an outside auditor to carry it out.

MR. SPIVAK: But, Mr. Ziprick, I think you have to admit that in effect for many of those co-operatives which you may believe to have been managed correctly, the fact is that the audit was conducted by the departmental people who are not trained accountants, and who in effect have certified as an auditor when in effect they are not auditors.

MR. ZIPRICK: Well I will say this, we're taking a look fairly extensively, and we're taking, wherever there's certification, we are taking a look at the backup work papers and other information to see on what basis it was certified, and if the work that's backing this certification up supports that the audit's been carried out, I would see no need for redoing it, but we're certainly taking a look at this area.

MR. CHAIRMAN: Mr. Asper.

MR. ASPER: When this is all over, Mr. Ziprick, you're going to make a report and you're going to - presumably it may contain recommendations. To whom will that report be made? This committee or the Minister?

MR. ZIPRICK: Well under the Act I am required to make a report to the Minister in the first instance. I am also required to make a report to the Legislature, and I'm required to bring to the attention of the Legislature any matter that I consider warrants the attention of the Legislature. I can almost say right now that I would consider this to warrant the attention of the Legislature, and it will be in my report to the Legislature. The report will be given to the Minister and if the Minister releases the report when he gets it, it will be public information, and whatever follows in my report to the Legislature will just be a protection item to make sure it became public.

MR. ASPER: So the only assurance we have that the Legislature will hear of your findings is approximately a year from now or ten months from now when you submit your next report to the Legislature, unless the Minister decides to make it public, the information you give him.

MR. ZIPRICK: In accordance with the laws, the way they're set up now that's the situation. I do not as a matter of practice release reports to the media on my own. I have them presented to the Legislature.

Now if when we are finished and the Legislature's still sitting, I think that there's probably a way that a supplementary report, or whatever have you, could be made to the Legislature. I can't see - although it says in the Act that I shall report annually to the Legislature, I think we can certainly be practical enough that if the Legislature is still sitting and our report is available, that we could certainly have it tabled in the Legislature. But of course, if the Legislature's not sitting, then I have no way of making it available to the members unless I just sent it out to the individual members, but that hasn't been the practice, and I'm not sure that it would be a good practice. I think that it should be placed in some central area.

MR. ASPER: Going back to the scope of your inquiry or your audit, I'm sure you're

(MR. ASPER cont'd) familiar with the kinds of concerns that have been expressed in the Legislature, the complaint by the fishermen that the Co-op - we're talking about SIL - the Co-op has received a certain price for fish and has unfairly paid the fishermen. That's a complaint by some fishermen. There's a complaint that the government of Manitoba advanced, or caused guarantees to be made for the construction of a processing plant at Leaf Rapids at a cost of X dollars - I think it's about a million dollars - and that the value of what's there is only Y dollars, something around 5, 6, 700 thousand dollars, and that there is something missing,

Then there's an allegation that gross or incompetent management was exercised in that a restaurant was built at the South Indian Lake processing plant outside the fence, and so on. There's a whole bunch of those things. Will you include those in the scope of your testing? That is, will you report that these things are true or not true, and if they're true, this is why they happened, and this is how we can take steps to prevent it from happening in the future. Is that the kind of thing you're going to do?

MR. ZIPRICK: Yes, we will try to get a complete picture of its operations and the controls that were being exercised, and if indeed something went wrong and difficulties were encountered, if there is any criminal involvement, we would be taking the usual step of bringing in the Attorney-General and the police to carry out an inquiry with regard to a criminal involvement, and take whatever action is needed in that regard.

On the other hand, if it's only management affairs that were handled, we would review the whole decision-making process and see why the things happened as they did and if we've got any recommendations to make, we would do so.

MR. ASPER: How long do you think that process might take where you're able to give even a preliminary report.

MR. ZIPRICK: It will take quite some time because one is the records aren't completely finished and when we get at it, it will take some time, but I wouldn't want to hazard a guess. But what we want to do is to do a fairly thorough job so that we can establish a picture. Now if somewhere it's proven beyond - that we cannot get at the information, or not get the information but it's such that we cannot make, come to any kind of conclusions, we'd say so; that it was handled in such a way that there's no way that anybody can reconstruct it and find out really what it's all about in these areas.

MR. ASPER: So if you discover right at the beginning, as is claimed, that substantial bodies of records are missing, then you would be thwarted in the ability to reconstruct and give a report. Would you report that back to us immediately then?

MR. ZIPRICK: Well no, if I saw some records were missing, we would try to find out why they were missing, and if there was some indication that they were missing for a purpose of concealing, we would be in touch with the Attorney-General, and we'd certainly bring in the police, and we'd question the people as to what happened to those records, and why did they destroy them or conceal them, and these kind of matters. And having got behind, if it was - on the other hand if the records were not maintained effectively and nobody's concealing anything, there's always one way or another that you can reconstruct a substantial amount.

Now if there's lack of security, let's say over inventories, and people are walking out of the store with some merchandise and nobody's watching particularly, there's no way that you can at some point or other say, well that the reason that there was losses - well you can say that one of the reasons may be security, but you couldn't say exactly how much. But if there was any evidence whatsoever, that there was a likelihood of deliberate destroying of records or an attempt at concealing something to avoid exposure or proper accountability, we would not report to this committee, we would search with the Attorney-General and get the kind of statements from the people to find out why these attempts were made and what happened, and then we would report after our over-all review.

MR. CHAIRMAN: Mr. Spivak.

MR. SPIVAK: My understanding from what Mr. Cherniack said, or from what you had said earlier, that you are going to be requesting the authority from Mr. Cherniack for the ability to be able to basically conduct an inquiry, to be able to go into the Co-op, and to be able to examine the records of the Co-op and further to be able to examine witnesses. Is that correct?

MR. ZIPRICK: Well I haven't got to the witness stage but this has to - you see in all these areas the third party, and I'm not sure whether, you know, we've discussed substantially the role of the auditor, and I'm not sure that the legislation should be amended, that the auditor

(MR. ZIPRICK cont'd) should have the complete authority on his own to move in on any third party that may have got any funds from the province, because that places the public maybe in a bit difficult position. It depends on the audit office, if they get a little sort of high handed, you could get into difficulties. But on the other hand, when we do get authority we approach it very carefully as to how we question people and how much authority we push because it's, you know, we appreciate that you can get very heavy handed and hurt people that really do not deserve to be hurt, so we make our decisions as we go along. As far as witnesses, we ask for information on a voluntary basis, and if people co-operate and give us the information, then we would not even think of setting up a formal inquiry where they'd be taken under oath and cross-examined, and whatever have you.

On the other hand, if there is a danger that this is not coming forth or there's the need to completely ascertain this situation, we'd have no hesitation at using it. The law is there and we would use it.

MR. SPIVAK: Can I ask what are you going to be requesting Mr. Cherniack for then? Because I just want to know . . .

MR. ZIPRICK: Well as a matter of fact in discussion yesterday I've already requested him verbally for authority under these sections to proceed and do the audit of the South Indian Lake Co-op. He's acknowledged verbally that he will give the authority. Now we always work in a fairly official approach because we never know when we have to be accountable in courts or any other place, and so we will confirm this in writing. We will make an official request in writing to the Minister of Finance explaining why we feel the need to go into these records, and why these people should make those records available, and he will confirm in writing to us and say, I as a member of government have given you that authority.

MR. SPIVAK: Now I wonder now at this point whether I as a member of the Legislature am in a position to ask Mr. Ziprick the reasons why he would be requesting that from Mr. Cherniack. And if I am, if I'm entitled to ask that, I wonder if Mr. Ziprick would give us the answers, the reasons why . . .

MR. ZIPRICK: Yes, well I . . .

MR. SPIVAK: No, I know the reasons. I mean I know that you have to go to Mr. --I'm not quarreling now with the sections of the act that say that you have to go to Mr. Cherniack, but I'm saying you're going to write Mr. Cherniack a letter saying that there are reasons why I want to be able to have this authority from you.

MR. ZIPRICK: Yes.

MR. SPIVAK: I wonder if I could . . .

MR. CHERNIACK: May I just say, Mr. Chairman, I told Mr. Ziprick that I'm going to give him whatever he wants regardless of his reasons. I . . .

MR. ZIPRICK: I'm sorry. But I feel that we are obliged to supply the reasons because we don't want to go into anybody's records unless there is reason, and in this case the reason is that the department, government officials, public servants, were involved jointly or whatever way you want to call it, in the management of a co-op. There has been an audit but the audit has been certified by the people who were involved in this joint management, and because of it it's not an acceptable independent verification, so we need an independent verification. Now we could ask an outside audit to do it but because public servants are involved, because the department would have to be a cross flow information, I think in this case it's best that we carry it out ourselves.

MR. SPIVAK: On that basis then, Mr. Ziprick, would not the information you've just supplied justify, in the same logic, an audit by yourself of J. M. K. and R & M? For the same reasons exactly that you just . . .

MR. ZIPRICK: It could well be except that, as I say, I studied the material quite carefully which the auditors had brought to me, and all I'm concerned there is that there has been substantial work - let's see, I think in the province there's about 100,000 - there's been substantial work by qualified auditors already and so I don't want to say, well, get the authority, I'm going to move in there, when they say, "Look, we know what the situation is," and maybe by arrangement with them we could direct them to do additional work for us and satisfy us and everybody else concerned whatever accounting there was, and in that way we would save public expense.

MR. SPIVAK: Can I ask now about the Ilford Co-op? Do you not feel that at this point the same principle that applies to Southern Indian Lake Co-op would apply to the Ilford Co-op?

MR. ZIPRICK: We just took a brief look at the Ilford Co-op thus far. Now we thought that the South Indian Lake Co-op was so large and so much that we felt that our resources should be concentrated into this area. Just as soon as we have resources we will take a look at it and we will follow the same principle exactly as we're following in the South Indian Lake and any others that may come up as a result of our enquiry. Now all I'd say is I'd just ask for patience because we have some capacity to undertake this special work but particularly at this time of the year, it's the year-end, all our auditors are involved in cut-offs, we have to carry on the regular line of business, so we'll fit in, we'll get assistance as much as we can, and we'll get behind it. I can assure you, gentlemen, and the public, that we'll get behind it and, if we can't, we will say why and give you a complete story.

MR. SPIVAK: Can I ask one thing, Mr. Ziprick? Have you made any recommendations at this point based on just the review that you've had up to this stage, of any kind of reorganization or change in procedures with respect to the manner in which the Department of Co-operative Development operates, or has operated in the past?

MR. ZIPRICK: Well, the auditor that was carrying out the co-op audit has made suggestions, and I don't know who came first, but there has been reorganization in the Co-op department already and . . .

MR. SPIVAK: But from your recommendations?

MR. ZIPRICK: I wouldn't want to say whether it was or wasn't, but the way we operate is the auditors on the job, when they observe some deficiencies they approach the person that's in a position to make the changes, and then they record on their work papers what they have done and if these changes resulted from his observation, but there are changes and now we're taking a closer look and we will have other recommendations besides.

MR. SPIVAK: Are you suggesting that changes are being made in the Department of Co-operative Development as a result of the discussions or recommendations from yourself or from members of your staff?

MR. ZIPRICK: There's been changes since--well, in October there was a move and this audit section has been set up and there's been a reorganization and more independence given to--there's been a divorcing of actually supervision and audit.

MR. SPIVAK: But this really had nothing to do with any recommendations from yourself at this point.

MR. ZIPRICK: Well I'd have to search our work papers. Maybe we initiated it.

MR. SPIVAK: . . . before, but certainly not in the immediate . . .

MR. ZIPRICK: No, not in the immediate, because the auditor when he was there the previous visit may have--I know he had a number of observations and discussed them even with me and that may be even one of them, I don't know, I'd have to review to see. But anyway, there have been changes.

MR. SPIVAK: One other question. Up until the time that this was brought into the House, were you ever instructed by anyone from government to go in and to look and examine the affairs of the Department of Co-operative Development?

MR. ZIPRICK: No, not other than our usual one.

MR. CHAIRMAN: Mr. Johannson. The gentleman just before Mr. Johannson has a question. There were some questions that were asked on March 14th meeting that were taken as notice and we have the answers now. They'll be distributed at the close of the meeting. Mr. Johannson.

MR. JOHANNSON: Well, Mr. Chairman, it's now 12:30 and I was just wondering, we have now gone through three meetings; we have not yet got into Public Accounts or the Report of the Provincial Auditor, and I was wondering if I could appeal to the committee members for us to get into that report next week when we meet again.

MR. CHERNIACK: Mr. Chairman, I wanted to raise that point too.

MR. JOHANNSON: This is three meetings and we still haven't got into this report.

MR. CHERNIACK: Mr. Chairman, we have dealt in part, I believe, and maybe to the satisfaction of the committee, with the report of scope of audit. I think that today did bring out more on the scope of audit. Are we still dealing with scope of audit and are we not ready to go to Public Accounts?

MR. CRAIK: Well, Mr. Chairman, we started out on this and as far as I'm concerned we are not off it yet onto Public Accounts. I would like to finish the Auditor's report before we get into the account detail.

MR. CHERNIACK: Well Mr. Chairman, I appreciate Mr. Craik's statement. Now this, then, becomes the situation as I see it. Last week Harry Graham was very critical of the House Leader because Law Amendments wasn't called. Now there are a number of committees that are meeting, are going on with their meetings, and the House Leader has the responsibility to get them along and he has to set certain priorities. Now I am not in any way critical of the matters that have come up, up to now, but Mr. Chairman, in the three meetings, we have gone far beyond the report itself. The report itself deals with recommendations by the Auditor for the manner in which we ought to be dealing with accounts and with estimates in the House, and I remember, I think Mr. Craik and I had an exchange of maybe 15 minutes in the last three meetings where we talked specifically about presentation and dealing with estimates.

Now I think that that could be fruitful, but Mr. Chairman, if every meeting we have starts and ends with a debate of matters that are important but not related to the agenda before us, then surely we have to agree at some time as a committee that we have to deal with the agenda itself, which I believe is completing the discussion of the report in specific, not in general. Deal with the recommendations. There are some with which I personally agree, some with which I personally disagree. I think we ought to discuss it, and then we've still got the Public Accounts. Could there be some kind of an understanding that in the next several meetings we will confine ourselves to an agenda, or are we going to update the current, may I call it controversy, or house debate, on these other issues, all of which have a certain amount of importance? I'm just asking, Mr. Chairman. I think the House Leader is entitled to know how we're progressing in this committee.

MR. CRAIK: Well it's true, Mr. Chairman, the matters that have come up here from the House have been ones that came here because there was an overriding contest that involved the auditor and the auditor's procedures and the methods, the activities of this committee, so they were very logical to be here. But more important than the accounts themselves, that these be straightened out, so I don't really see why the Finance Minister is disputing what we've done so far. We have a number of important items that we want to deal with from the auditor's report, his recommendations, comments that were made, our own comments. We want to get into those just as soon as possible and, since we did start them to some extent, they also contain as the Minister has pointed out, procedures for presenting estimates, which we have to get back to as well. I would think that if we get those done, then move on to the Public Accounts themselves, since they're already over a year old are not as important, as uppermost in our minds as some of the other items that are before us.

MR. CHERNIACK: Well then, Mr. Chairman, you know, I want to take Mr. Craik at his word, maybe we can devote some time to getting the Public Accounts completed so at least we'd know that that has been done. As I recall it last year we never got through because of various reasons, I suppose, including the election, but if it is of less importance maybe we can devote some time, and maybe it need not be long, to getting the routine out of the way, and frankly, I would suggest that this committee never make a final report but be a committee that can be called during the Legislature. Because, Mr. Chairman, in spite of our differences in opinion on tactics and approach, the fact is that I think every MLA wants to make sure that we are getting as full a report from the Provincial Auditor as possible and within the scope of his work, to satisfy us about the operations that he's involved in, so I don't want to in any way cut off that kind of discussion. But at the same time, can we not agree that at the next meeting, say, that we will indeed deal with Public Accounts, Report of the Auditor, scope of audit? And I think, frankly, I agree with Mr. Craik, there's a lot we can do in a positive way for future years of planning for the estimates process and I think that's advisable.

MR. CHAIRMAN: Gentlemen, if I have no names on my list, we have no alternative but to move ahead with the committee work. Mr. Spivak, do you have a final question?

MR. SPIVAK: Well, Mr. Chairman, in spite of the remarks of Mr. Johannson, I think we've made a great deal of progress in the last three meetings. I think we've had the auditor explain the scope of what he is doing. He's now investigating the Department of Co-operative Development. He's indicated the scope of what he's doing. He's going to be making a request, which is really the request that we asked the Committee to make, for an ability to be able to do an audit, and I think though that while we have some misgivings, and I'm going to put that caveat in it now, with respect to the way in which this committee functions, and I think that we have some very, you know, sincere and deep feeling in connection with the use of this, you know, the frustration of this committee to be able to actually operate as it should, as a Public

(MR. SPIVAK cont'd) Accounts Committee, nevertheless the three days, the three mornings we've spent on this have not been wasted. I think the scope of the Provincial Auditor's report, or the ability for this Committee to be able to deal with that report and the recommendations, are very germane to the whole question of the test of accountability of government, and I would say that that is the uppermost matter that must be considered by this committee if we are going to make progress in being able to review the accounts of government. And so I would hope that the next committee would devote itself to the continual study of this report to be able to do as we did today, find from the Auditor-General information that was not available to the committee before, and be in a position to make whatever recommendations, and I think would be in the interest of protecting the public and protecting the interest of the public in the handling of moneys by government.

MR. CHERNIACK: Well, Mr. Chairman, I know the members want to break up but could we agree, then, that when we come to the next meeting, we will start with page something or other in a book or other?

MR. SPIVAK: Well, I would think that the thing that we should deal with is where we stopped at the report of the Provincial Auditor, and I think we should continue on from there.

MR. CHERNIACK: And start from--you mean the blue book. You don't feel that we could deal with the Public Accounts?

MR. SPIVAK: Well, Mr. Chairman, I would say this to Mr. Cherniack. I think that there are very important and serious matters that have not been dealt with by this committee, dealing with the scope of the audit of the Provincial Auditor and I think that it's extremely important that it be discussed in the public interest, and I would hope that we would have an opportunity to deal with it, and in the questioning and the comments that we make be able to elicit information and be in a position to understand fully the nature and scope of what he has done or what he is doing, and be in a position to make whatever recommendations we may feel are important.

MR. CHERNIACK: Well my impression is that we are on page 20 of this blue book.

A MEMBER: Don't be too optimistic.

MR. CRAIK: No, we can't possibly skip prior to 20. We haven't touched some of the major points that are contained prior to . . .

MR. CHERNIACK: Well what page are we at, Mr. Chairman?

MR. CRAIK: Well we moved right into a specific issue. If you want to take a particular, you know, course of action, I think that there's no question about it, the real important things that are going to be discussed in this committee are in the blue book, and to say that we've covered up to page 20 would be to have eliminated or overlooked a number of items that . . .

MR. CHERNIACK: Page 1?

MR. SPIVAK: I don't think this serves any purpose.

MR. CHAIRMAN: I was just going to say, I don't think we are going to serve any purpose by debating it any further. Committee rise.