



Legislative Assembly of Manitoba

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

Chairman

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



Friday, June 8, 1979 8:00 P.M.

**Hearing Of The Standing Committee
On
Public Accounts
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me: 8:00 p.m.

HAIRMAN, Mr. D. James Walding.

R. CHAIRMAN: Order please. We have a quorum, gentlemen. The committee will come to order. I would refer the attention of honourable members to the Public Accounts Main Volume. We will take it page by page. (Pages 1 to 8 were read page by page and passed) Page 9 — Mr. Cherniack.

R. SAUL CHERNIACK: Mr. Chairman, the Auditor will certainly recall, as will other members, that when we were dealing with the Provincial Auditor's Estimates there were two questions or two sets of questions asked, which were deferred for the Public Accounts, and I can voice the two questions seriatim or together — I will voice them separately and ask the Auditor about . . . One is, can he clarify the reserve bid practices of the Manitoba Agricultural Credit Corporation?

R. CHAIRMAN: Mr. Ziprick.

R. ZIPRICK: Mr. Chairman, the system that the Manitoba Agricultural Credit Corporation employed for the sale of that property was the reserve bid being the higher of appraised value or their book value adding on interest from the time that they had acquired the property.

R. CHAIRMAN: Mr. Cherniack.

R. CHERNIACK: Mr. Chairman, that's a logical way of doing it. The Auditor, no doubt, has read the comments reiterated by the Minister of Agriculture, where he said that the reserve bid was the cost of acquisition, plus accrued interest thereon, and that was the way it was done, and not that it was the higher of that or the appraisal.

Now, would the Auditor confirm that that is what he read that the Minister said, and that that difference is from the fact.

R. ZIPRICK: I read through Hansard. It was in the House and in the first instance the procedures employed by the Agricultural Credit Corporation were stated and then, latterly, I observed that the Minister referred to a reserve bid being the book value plus accrued interest. Now, I don't know whether he was referring to this being the policy of Cabinet and the government. I don't know; the Minister would have to explain that.

R. CHERNIACK: Mr. Chairman, then I just want to comment that the way Mr. Ziprick describes it as done, is the right way and that the Minister, of course, isn't here to explain why it was that way so insistent that the other way was used and the way that we thought was so wrong, was one that he insisted was the way it was being done and he then justified it. It's only a matter of comment that the Minister was adamant in taking a position, which I think is both wrong, from the standpoint of logic and good practice and wrong from the standpoint of fact, and I'm sorry he's not here to finally hear this but he certainly knows that we've been trying to get the answer for quite a while.

CHAIRMAN: Mr. Minaker.

MINAKER: Yes, I wonder, Mr. Chairman, if it might be in the interest of the Committee that I wait until the Minister of Finance is here, because not being a member of the Cabinet, I can't comment, because I'm not aware of the situation and I don't know whether Mr. Cherniack was referring to the Minister of Finance or the Minister of Agriculture. Because I don't believe the Minister

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of Agriculture is a member of this Committee, so, he wouldn't normally be expected to here.

MR. CHERNIACK: Mr. Chairman, I appreciate Mr. Minaker's drawing this to my attention. Of course he's correct. Firstly, I was referring to the Minister of Agriculture and not to the Minister of Finance. Secondly, I know the Minister of Agriculture isn't here and I didn't expect him to be here. I'm just commenting that it's unfortunate that we couldn't discuss it with him, although he knows how hard we've been trying to get the answer. But I think the answer is clear and certainly from the standpoint of Mr. Craik, I have no comment to make, because only, I think only the Minister of Agriculture was, not deliberately I think, but misled us into a direction where some of us were indignant about a practice that we thought was wrong, and apparently was not only wrong but was, according to Mr. Ziprick, not followed. So that's fine, unless my colleagues have any, or any other member has on that point, I could quickly move to the other point.

MR. CHAIRMAN: Mr. Blake.

MR. BLAKE: Well, Mr. Chairman, as I say, I'm certainly speaking for myself and no one else, I think there's been a bit of a misunderstanding in the whole thing. I think it was assumed that the costs incurred in buying the land and the costs of interest and whatnot to date, that that establishes a certain price, in that land would not be sold for less than that, even if the appraisal value might be less than that; that you'd have to recover that cost at least. And I think that's probably where the misunderstanding came in, because we know with the land values accruing as they have that it is very very rarely would we get a case I think where the land would be appraised at less and I think that was set, that if one did come in appraised at less, that we would not take it for less than the cost that the Corporation had incurred. And I think that maybe somewhere in there, there was a bit of a misunderstanding and that's — but as I say, I'm speaking from my own understanding of listening to the debate and for no one else.

MR. CHAIRMAN: Mr. Wilson.

MR. WILSON: I attended the hearings and the meetings and was lucky, as well as the Member for Lac du Bonnet. We received copies of the Order-in-Council and there was 15 properties, I believe had been offered up for sale and this was because they became surplus for a number of reasons and only nine of them were sold, and much to my glee if nothing else, they sold, according to the Minister, for 43 percent over and above what they established as a reserve price. And, of course I've been urging colleagues to sell a lot of land, especially when you have a deficit budget, because it seems that we're a period of time where we have a lot of . . . People are interested in buying farmland and certainly, the farmer is starting to get a price for his product, that is making it almost like the metal industry and mining industry where, if the world price is there then it becomes attractive for people to engage in the occupation of farming. And so apparently six of these properties were not accepted, mainly because either there was no interest in them or it appeared that they did not meet the established criteria that MACC established and they did not meet the reserve bid, so we still have those six parcels and I would suggest that the members opposite, the opposition is going to help us because they've made this an awareness thing to — and I would think in the future besides our advertising campaign — there's a lot of renewed interest. I myself have received calls from a number of businessmen in Winnipeg interested in getting in on this land rush and I think that from my experience on City Council when we offered half a dozen lots for sale we expected to get \$11,000 and we ended up with something like \$22,000 to \$24,000, so I think the price that we offer of any parcels in the future is certainly going to come in — I would call it'll come in at some very attractive prices and for that I guess we should thank the opposition.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Well Mr. Chairman, on behalf of the opposition I would acknowledge Mr. Wilson's thanks.

There's just one point he made. He said that the prices came in at 43 percent over the reserve bid. I think that the prices came in at 43 percent over the cost price which the Minister thought was the reserve bid and we don't really know what the reserve bid was, because we were never told what the appraisals were.

And when the Member for Wolseley called on the opposition for help I think that we did do something, because looking at it until this evening at the record, I could assume that if I

the cost then if I bid slightly over the cost I might get that if the reserve bid is indeed just above cost, regardless of appraised value. And I mention that because today it came to our attention and I don't know, it seemed to have been sloughed over, but it came to the attention that today there's an advertisement advertising the sale of summer lots and it says right in the ad, "Reserve bid \$22,000," and that astounds me because the people would bid \$22,001, \$22,002, knowing the reserve bid. Now, it was suggested, and vehemently refuted that this was something that was done by the previous government. If it was, then it's still astonishing to me. If it was, and Mr. Hanuschak became quite upset obviously when it was suggested that this was done. But I raise it only because it seems to me a very peculiar way of advertising a property for sale. In effect, it says, "If you don't pay \$22,000, don't bother us, but if you'll pay \$22,000 come on in, fellows." —(Interjection)— "Well yes, but Mr. Chairman, I'm listening to Mr. Blake and point out that if he is describing an action well and good. That's fine. If there's an auction then you start with a reserve bid and you're not wasting your time on anything below that. But an auction is one where you know what the other fellow is bidding and you try to increase the bid.

But this is closed tenders, and I still say, to my knowledge it's a very peculiar, unusual and unsatisfactory way of offering it for sale, and I hope, Mr. Chairman, that the Ministers present would not comment if they don't want to comment, but go back and have a look at the advertisement and at the procedure, and it's not too late, because the lowest bid not necessarily must be accepted, look at it and just make sure that they're satisfied with the practice because too often things are done at the administrative level which aren't reviewed until the Auditor or a Minister looks at

So I'm raising this only in the presence of Mr. Craik, who — Treasury Board Chairman, I think it is — so he'd have a look at it and see. If he's satisfied with it, then he stands by it. But I don't want it —(Interjection)— that's the point; I don't want to ask him to make a statement on today, Mr. Chairman, because he may want to look at it and that's why I raise it.

R. CHAIRMAN: Mr. Wilson.

R. WILSON: Well, I just wanted to put on the record that it would seem to me that I would hope that our government would adopt a policy of having a reserve that is unadvertised, unknown; otherwise, just put a price tag on it and offer them on a lottery basis, because it seems to me on a whole basis — and I'm certainly in that business, I'm engaged in that business every day — and the best way, in the auctioneering business, is to be able to offer something to sale, subject to reserve. You've seen in the paper on the second page many times, the business is to be sold in a block, subject to reserve bid. And you'd be surprised, people come there to buy it, and it's like an art auction, and it's like someone paid \$24,000 for a bottle of wine. These are the type of things that, as far as I'm concerned, if you're going to have beach lots and that for sale, they've either got to have a price established to them or you have a price and people send in and then there is a lottery draw. Otherwise, you offer the lots for sale, you hire an auctioneer, and he puts the lots on and naturally the lots on the water will bring an almost unbelievable price, and some of the other lots will be of a lesser price.

So I would like to see the government adopt a policy, unlike the former government, of selling off these things subject to some sort of reserve and there's nothing wrong with the auctioneer putting something aside for another day. I've seen it happen time and time again. Most auctioneering is available on a certain business calendar that they have, but I would submit that they could sell surplus government equipment once a week. There could be a certain auctioneer, whether it's my's or Carter's, could be selling government surplus goods once a week subject to reserve. So if there was office desks for sale, that at least we would be getting a minimum of \$25 a desk; selling them all to one particular person, selling it all in a lot for \$1,000 for 100 desks, and in turn will be banging them out at \$80 or \$90 apiece. This is one of my complaints when I read about welfare appliances under the Health Minister's Estimates.

So I just wanted to put that on the record that I feel that reserve bid and the hiring of an auctioneer is the best way to dispose of government assets.

CHAIRMAN: Mr. Blake.

BLAKE: Yes, Mr. Chairman, I don't want to belabour this point because there seems to be a general consensus that we move things along here nicely. But a comment made from the Member St. Johns earlier that I would comment on, on an auctioneer basis, and it's not an uncommon practice now in some jurisdictions, and I particularly don't agree with it, and I would not like to see it come here, especially where we're dealing with water frontage lots. But, on a reserve bid basis, I know it's being done in some jurisdictions, where the bids come in, they open the bids,

and the auctioneer takes the highest bid. He says, "All right gentlemen, the highest bid is \$22,000 now who's going to bid 23", and away they go. And I don't particularly like that system, either but it's not uncommon nowadays.

MR. CHAIRMAN: Anybody else on that topic? If not, Mr. Cherniack, you had another topic.

MR. CHERNIACK: I have another one, Mr. Chairman. Again, following through from the Estimate could we now hear from Mr. Ziprick as to the settlements arrived at with the private auditors who are doing private audits, as to the fees payable, and compare them with the charges made?

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: I think all have been agreed to except one. I have the particulars, but my particular have been passed on from the Department of Finance, and I don't know, there may be some change so I think it would be best that the figures that were supplied be provided by the Department of Finance. Because the Department of Finance is looking after the prices that are going to be established, or have been established, for this work.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Does Mr. Ziprick consider that the Department of Finance is acting as his agent in the employment and price-setting with firms that are reporting to him, and working on his behalf for his signature?

MR. ZIPRICK: There's five that are working as my agents, one of them still haven't been settled. Four have been settled. I know of the amounts in those particular cases, but these were seen by the Treasury Board, too, not by me. But I could comment on the overall prices that I've seen, they have come in. They generally came in at what I would consider to be fair prices, and the ones that have been approved so far, as far as I'm concerned, they're not going to get rich on them, they're fair prices.

MR. CHERNIACK: And what percentage are they higher than the charges by the Provincial Auditor?

MR. ZIPRICK: I would say they'd be running roughly around 40 percent higher than ours.

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Well, Mr. Chairman, I assume that we had, since we are in the year-end March 1978, on . . . page, that you are referring to the auditors that were employed in that year.

MR. ZIPRICK: Page 9?

MR. CRAIK: Page 9. That the auditors employed in that year were running 40 percent higher than what it would have cost you, Mr. Ziprick.

MR. ZIPRICK: No, and we're on MACC. He's talking about . . .

MR. CRAIK: What page are we on?

A MEMBER: Page 9 and there was nothing to do with private auditors . . .

MR. CRAIK: Well, we're talking about the Public Accounts for 1977-78, and we had private auditors employed in that year. Are you suggesting, Mr. Ziprick, that the Auditors in that year cost 40 percent higher than you would have cost?

MR. ZIPRICK: In 1978 there were no private Auditors.

MR. CRAIK: There weren't?

MR. ZIPRICK: No.

MR. CRAIK: Well, Mr. Ziprick and committee, I have gone through all the Auditors, the external auditors, that have been engaged for this forthcoming year and I've found that there are only two that weren't engaged by the government or its corporations in the year 1977-78. Are you suggesting to me that the costs in 1977-78 were as you have stated?

MR. ZIPRICK: I am not sure what you mean by private Auditors engaged. They would be engaged for work other than auditing, unless, of course, you are referring to some audits that the Manitoba Development Corporation had employed.

MR. CRAIK: Well, Mr. Chairman, I am referring to Auditors engaged by the government or its agencies and corporations. And since we're talking about the 1977-78 Estimates then I can only assume that we're referring to the engagement of people for that year. Otherwise, I'm sure, Mr. Chairman, you wouldn't have accepted the question.

MR. CHERNIACK: I don't think Mr. Craik has the right to assume anything of what was said when he was not here, but I would be glad to elucidate for his benefit. And that is that when we commenced the meeting I referred to the fact that at the review in Estimates in Supply of the Estimates of the Provincial Auditor there were certain questions asked, of which this was one, and the other one has already been answered, which were referred to this committee. And I then asked that we ask those questions while we're under the Auditor's Report and then go on ahead.

MR. CRAIK: You asked?

MR. CHERNIACK: Yes.

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

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

MR. CRAIK: Mr. Chairman, on a point of order, was that accepted by this committee?

MR. CHERNIACK: No, it wasn't.

MR. CRAIK: Mr. Chairman, no, Mr. Cherniack says he is raising it because it was to be dealt with under this item in this committee.

MR. CHAIRMAN: Mr. Minaker, to the same point of order.

MR. MINAKER: Mr. Chairman, when I was sitting in on behalf of the Minister, Mr. Cherniack said when we started the meeting that he only had two questions and they didn't involve the Minister. I didn't expand on what the two questions were that he wanted to ask. My understanding of listening to what took place and I think that if we check the records that he said that he had two questions that he wanted to raise and that was it, but he didn't expand on what the two questions were until he first started on the one question relating to the subject that when the Minister came in so that I don't think it would be right, and I don't think Mr. Cherniack intends it to be shown that he had raised these questions in detail to the committee before, in fact, he placed these questions on the floor or the table here.

MR. CHAIRMAN: Mr. Einarson.

MR. EINARSON: Well, Mr. Chairman, I would just like to quote what I heard from Mr. Cherniack when he was asked what information he wanted to this meeting. He says, "I have two questions to ask of the Auditor. I have no questions to ask of the Minister." And we weren't aware of what the questions were, and I just add to what Mr. Minaker had said. He said he had no questions to ask of the Minister but he had two questions for the Auditor, and we weren't aware of what they were.

MR. CHAIRMAN: Mr. Parasiuk, to the same point.

MR. CRAIK: A point of order, Mr. Chairman. I raise a point of order, Mr. Chairman. Is the question Mr. Cherniack is raising relevant to the 1977-78 Estimates?

MR. CHAIRMAN: Mr. Cherniack.

MR. CRAIK: No, I asked the question, Mr. Chairman. I asked the point of order as to whether the questions that have been raised and placed to the Auditor are relevant to the 1977-78 Estimates. Because that is what is before us. Mr. Chairman, I ask you first of all to make a ruling. Mr. Chairman —(Interjections)—

MR. CHAIRMAN: One member at a time please. Mr. Craik. Make a point of order.

MR. CRAIK: I asked you a question, Mr. Chairman, as to whether we're dealing with 1977 Estimates or whether we're dealing with a question as I deem to be posed by the Member St. Johns with regard to the year, that is other than 1977-78.

MR. CHAIRMAN: Mr. Cherniack to the same point of order.

MR. CHERNIACK: On the point of order, it's not to my knowledge . . . —(Interjection)— Chairman, Mr. Craik has no right to interrupt me, and Mr. Craik did not ask you for a ruling. I asked you to respond to a question he asked which I don't believe is ever done. I don't think I asked the Speaker to answer a question, nor a Chairman. You can ask for a ruling and the Chairman must listen to the points of order that are raised before he makes a ruling.

Now, what was — no, it's peculiar that Mr. Craik asserts the right to have a report given to him of what happened in his absence, but since it has been complied with . . .

MR. CRAIK: No, no. Another point of order, Mr. Chairman.

MR. CHAIRMAN: Order please. The Chair is under the impression that a member is already speaking on a point of order and there can be no point of order on a point of order. Mr. Cherniack proceed please.

MR. CHERNIACK: My point of order is that the report that was given to the Minister by his colleagues is essentially correct. I said that I had no questions to ask of the Minister. I had questions to ask of Mr. Ziprick and I then, quite correctly, did not state what they were, but I said these were questions which were raised in the Supply Committee and they were divided to be dealt with at Public Accounts meeting and I thereupon proceeded to ask the question.

MR. CRAIK: You really are a phony.

MR. CHERNIACK: Mr. Chairman, I appreciate Mr. Craik's presence.

Mr. Chairman, the next point of order is that Mr. Craik should learn to keep his mouth shut until he's recognized.

MR. CRAIK: Well, we've gone through this before.

MR. CHERNIACK: That's right, Mr. Chairman. Now does Mr. Craik refuse to give the answer? We've already got them pretty well.

MR. CRAIK: I'd love to but I want to obey the rules.

MR. CHERNIACK: Whose rules?

MR. CRAIK: I want to obey the rules that are traditional of this House. We're dealing with '77. Now. Okay? We want to deal with the external audits? Let's deal with them, but let's clear the decks. We don't have to slip and slide in sideways to do it. We're either going to deal with '77 or we're going to deal with '79-80.

MR. CHAIRMAN: Mr. Miller.

MR. CRAIK: Now let's — Mr. Chairman, somebody's going to make this decision. If you want to make the decision, Mr. Chairman, which I think any normal Chairman should do.

MR. CHERNIACK: Now you're reflecting on him, eh?

IR. MILLER: Mr. Chairman, on the same point of order . . .

IR. CRAIK: The logical job of the Chairman is . . .

IR. CHAIRMAN: Order please. If a member of the committee is suggesting that the Chairman some way abnormal, I suggest he should withdraw that remark.

IR. CRAIK: Mr. Chairman, I'm not in any way suggesting that the Chairman is abnormal. I suggest your decision that you're faced with is a very normal decision, that either we're dealing with '77-78 or we're dealing with '79-80, and it's pure and simple and that's about it.

Now, I'm glad to deal — if you deem and the committee supports, we shall now divert and deal with '79-80.

R. CHAIRMAN: Mr. Miller to the same point of order.

R. MILLER: You know, I really don't know what this fuss is all about. —(Interjection)— No, with all due respect, Mr. Craik, a committee can for itself determine what it wants to deal with. The discussion during the Supply referred certain matters to Public Accounts for answers. But when we came and it was suggested that in your absence we might start off anyway and I won't repeat the words because they are basically as repeated already, and there was no suggestion that we had to stay to '77-78 or '79-80 or anything else. There were two questions that were asked (Interjection)— Mr. Chairman, we also, you know, this committee also met and dealt with Bill not the Grey Books. We put it ahead of the Grey Books because it was dealt —(Interjection)— Mr. Chairman, we started with this grey cover. We weren't even on any page when we started. And we moved to Page 9 because that's the Auditor's Report, and as a result of that, Mr. Cherniack asked his question. And if you don't want the questions to be asked, if you're insisting that all discussion be limited to '77-78, then you have the majority and you can do so. But to suggest that the Chairman was derelict in accepting your question which nobody objected to and which the Auditor then proceeded to reply to and which is finished with, and the next question which then flowed from that and which I think would have been all finished by now too except for this interjection. Then we could proceed ahead because these matters were referred to Public Accounts and whether we deal with them today or we deal with them a month from now really is up to the committee to determine the sequence.

I. CHAIRMAN: Mr. Wilson to the same point of order.

I. WILSON: Just so that I can be clear in my own mind, I felt that — I was told that the opposition, Mr. Cherniack or others, might be asking questions about MACC on Page 86, and I even made a comment when the gentleman arrived, Page 86—pass, because I'm sure that if Mr. Cherniack wants to raise questions under MACC then he can do so on Page 86. It's just that I think that he started asking the questions immediately, and I would like to know what the second question is so that I can judge in my own mind whether it's current or whether it's '77-78. —(Interjection)— as out of the room for a minute.

I. CHAIRMAN: Are there any further questions of the Auditor? Mr. Einarson.

I. EINARSON: Mr. Chairman, on the same point of order that we've been discussing here. I think this is the same principle and the responsibilities we have here as we have in the House, when we're dealing with a bill we speak to that. We're dealing with the '77-78 accounts, and I think that we weren't aware, as I said, what the questions were that Mr. Cherniack was going to ask. I don't think, in my view, and here I want to try to be helpful, Mr. Chairman, that Mr. Cherniack was in order when he posed a second question to the Auditor of the Public Accounts, because he was not, in my view, dealing with the question that pertains to the '77-78 Public Accounts and I think that Mr. Cherniack was out of order.

CHAIRMAN: Mr. Craik.

CRAIK: Mr. Chairman, I have no hesitation with dealing with the item that's been raised with regard to the assignment of external audits. And if the committee so desires, I suggest we divert and we do it. I have no hesitation to do that, but I don't want it done under some guise that it's over this item. It's not, and I only want to suggest to you that, for all those concerned that if

they're going to have to look after the books of this province that they at least realize, and I would suggest that Mr. Cherniack knows that it doesn't come under that item. In his usual slippery way he's tried to slide it in underneath that Page 9 item and that's fine. I'm quite prepared to deal with it, but let's do it straight and aboveboard. If we're going to deal with the assignment of external audits in '79-80, we'll do it. And I'm quite willing to do it right now.

MR. CHAIRMAN: Mr. Parasiuk.

MR. PARASIUK: Yes, I came to this circus last Monday; two items were raised. One concerned the MACC and the other concerned the private Auditor, and that was known and you were the one who tried to get the agenda changed. You did so. Within that context we came back to that meeting; said we want to raise two questions. People were concerned that maybe we could raise those questions and we know that somebody else wants to raise a few questions and we probably could have proceeded out of here in a fairly civil manner without any attempt to be underhanded until some person who came in late, came in and automatically assumed the worst and started casting aspersions about people's character, which I think is completely underhanded, and that the person didn't have the courtesy to show up here at eight o'clock when the meeting was supposed to start. Now if the person can't do that, then I think that he should keep his mouth shut and not cast aspersions about other people. Because to do that, frankly, is phony and is underhanded and is slamming.

MR. CHAIRMAN: Mr. Minaker.

MR. MINAKER: Well, Mr. Chairman, I think Mr. Parasiuk was fully aware that we started committee meeting on the basis that the Minister was not here at the time but we would recognize that fact and we started without his presence on the basis that we would deal with page by page in the Grey Books, and primarily the questions would be placed other than to the Minister. I think it would be wrong for Mr. Parasiuk to imply that the Minister was late, to imply that there was some major thing wrong, that we took it upon ourselves, the committee, to start without him. And I think that it's wrong what he's trying to imply at the present time.

MR. CHAIRMAN: Mr. Blake.

MR. BLAKE: Well, thank you, Mr. Chairman. Maybe I'm under some misunderstanding here myself: I assumed that the first question that Mr. Cherniack asked was answered, and the second question that he asked about the private auditors, I assumed he was referring to the private auditors who have been hired under whatever circumstances, or whatever basis, dealing with the accounts for 1977-78. And if Mr. Ziprick's answer is that they cost 40 percent more than would normally have been the cost, then that's when the Minister of Finance raised the question. Now I'm sure I'm not talking about the Auditors that have just been hired that have been under some debate in House, because we won't discuss those until we get the next Public Account or whatever forum we may be under.

But I assumed that the private auditors that Mr. Cherniack was referring to were the ones who were hired to do MACC or what other sub-branches of government were under audit under 1977-78 Estimates. Now if I'm wrong, I misunderstood Mr. Cherniack's question.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: I withdraw raising my point of privilege because it's not worth it. Mr. Ziprick, I think, should be entitled to clarify his answer and then I think he's given the answer we've got.

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Well, Mr. Chairman, on a point of order. Then, in that case, then I must say if his answer was with reference to 1977-78, that's fine, if it's with reference to 1979-80, then we're into a new discussion.

MR. CHAIRMAN: Mr. Einarson.

MR. EINARSON: Yes, I just wanted to say in listening to the comments from Mr. Cherniack I think in fairness, but I want to say in fairness to Mr. Ziprick that he been given opportunity

myself to make sure that I haven't misunderstood and, that perhaps from the questioning that Mr. Dherniack gave to Mr. Ziprick, could have been misunderstood. And I'd like to be sure that Mr. Ziprick has the opportunity to clarify his position so that he's not being maybe charged with a responsibility that I don't think is fair being put upon him here at this time.

IR. CHAIRMAN: If the members have fully exhausted the point of order, perhaps we can get back to page 9. Mr. Ziprick; do you have any comment to make?

IR. ZIPRICK: The question was asked I thought as a continuation from the question that was asked in the Estimates, so I was referring to the 1978-79 audits that are now in progress. Now I was out of order in making that statement, I'm sorry.

R. CHAIRMAN: Any further questions on page 9? Mr. Craik.

R. CRAIK: Well, Mr. Chairman, may I ask what years then the answer applied to?

R. ZIPRICK: It applies to the fiscal year ending 1978-79 that just closed recently and the audits are now in progress.

R. CHAIRMAN: Page 9—pass.

R. CRAIK: No.

R. CHAIRMAN: Mr. Craik.

R. CRAIK: Mr. Chairman, then I must tell you then that we are not dealing with 1977-78, we are dealing with the amounts to be accrued to the year 1978-79 as a result of the audit work that is going on in 1979-80. And since we've spent two or three days dealing with this matter of what's going to be accrued and what's going to be cashed, it's important to state that. Now if that is the case I am quite prepared to deal with that. If the committee wants to divert and deal with that, it's fine. But the question has been put and the answer that has been given by the Provincial Auditor is with regard to the amounts that are now to be charged by the External Audits. Now, we're going to deal with that, then I also want to know from the Provincial Auditor what amounts would have been charged in the year 1977-78 for the audits that were done by the same external auditors and auditors who did the audits for any number of Crown corporations and provincial agencies, their assignment from the various agencies, to do the same, and to come up with the same answer as he has given.

And I want to pose a second question. When the statement is made that there is a 40 percent difference I would like to know if the method of costing for the provision of service by a professional person, qualified person, who is under licence by an Act of this Legislature to be a chartered accountant or whatever is required to provide the test audit or other type of audit or statement that's deemed to be qualified by the Provincial Auditor, is in fact done on the same basis as the Provincial Auditor charges out when he makes the comparison of a 40 percent difference. Because I think, Mr. Chairman, that if I can give the Provincial Auditor a moment to digest this matter, that is a fairly important one to do.

It's a fairly common fact of life that there is a fairly basis rule of thumb that's used in all business, whether it's government or whether it's business, as to how you charge out on matters such as this and I think it's very important to establish it.

CHAIRMAN: Mr. Ziprick.

ZIPRICK: Mr. Chairman, when I was asked that question, I pointed out that the amounts that are in I considered to be fair and reasonable for the firms to charge. The charge that is established by my office is the cost of salary plus 25 percent, which only takes in the stationary and stenographic. I doesn't look after any accommodation so that it could not be expected that a business on the side could charge on that basis and carry on business. So that's why I said that the 40 percent I considered fair and reasonable and they would not get rich on it.

CHAIRMAN: Mr. Craik.

CRAIK: Well, Mr. Chairman, since we're a free and open democratic society, let me ask you a question you say salary, do you charge a personal salary to any audit?

MR. ZIPRICK: No.

gmr. CRAIK: And when you say salary, is any portion of your salary included in the "Salary?"

MR. ZIPRICK: No, the Salary that we include are the direct salary of the people actually working on the job. The 25 percent that it covers are supervision costs, the stationery and stenograph and fringe benefits.

MR. CRAIK: So, Mr. Ziprick, then in this free and open discussion we're having, you're saying the salary of the Auditor that you apply to a job, plus 25 percent, will cover off your salary, anybody else's salary is not included, your secretary, his secretary, somebody else's secretary or assistant secretary, the buildings, the lights, the power, the overhead and other things, that that is all covered off by 25 percent.

MR. ZIPRICK: No, I said that the buildings and the light and power are not covered off in the 25 percent. The 25 percent was established — what is the direct cost to our appropriation. I appropriation is not charged with any costs from government services for buildings over or for furnishing and so that is not built into this building cost.

MR. CRAIK: Mr. Chairman, now that we have ourselves nicely set up with this 40 percent difference, what is the 40 percent difference? Is it between 125 percent of salary?

MR. ZIPRICK: Roughly, I would say that it's 125 percent in what they've generally been coming in at.

MR. CRAIK: Well, Mr. Chairman, since we're now into it, I assume we've now established that it may have applied to 1977-78 — but that was not the way the question was asked, the question was asked with regard to 1979-80 — that Mr. Ziprick is saying that on average, he expects costs to come in somewhere around 40 percent above what we've been charged by the Provincial Auditor, and the Provincial Auditor's would be salary plus the 25 percent. Mr. Ziprick, I would like to ask you, is it not a rather normal case — and perhaps, I can't ask you that fairly and if I can't ask you fairly, you can indicate otherwise. As many have stated, in that the costs of running any operation, whether it's government or whether it's business, that you might normally take payroll, plus 25 percent of direct costs in any service organization, whether it's accounting, whether it's law, whether it's engineering, whether it's any other kind of a service organization that requires heat, light, space, a certain number of square feet per person, whether it's 150 square feet per person, that this is a bottom line break-even position, and since we're getting into a value for money type of a situation in the fairly near future, is it not fairly normal to expect that that kind of thing is not unrealistic to assume that the costs of operation would not be abnormal; that the payroll plus 100 percent

MR. ZIPRICK: No, I would not consider payroll plus 100 percent abnormal, and anything better than that, I would consider to be a pretty good price.

MR. CRAIK: Well, in that case, Mr. Chairman, I want to and I recognize the full impact of the discussion that is going on, but I think it is an exceedingly realistic one, because particularly in government, as I've found it, in the short time that I've been exposed to the administration of that there is a very strong tendency to look at only payroll. But I found that in the eight years that I was on the other side, that in running any operation, that research type of organizations to 250 percent of payroll, and normal service organizations ran to about 125 percent payroll, I quite frankly have always been curious as to why the Provincial Auditor's office at salary plus 25 percent. And I know there can be differences and I know that research organizations are different, but I really don't think that chartered accountants' offices and lawyers' offices and engineers' offices and other so-called professional type of organizations that provide a service that there is and that realistically be a very wide spread away from what has been proven, not only in terms of a personal experience but the statistics of across Canada and across North America and across the western world, wherever an accounting procedure is used, attempts to provide a system where you break even on a self-sustaining basis, how anyone can operate on a salary, plus 25 percent plus — and I have to say that if in answer to your question, which pertained I think to the 1978 costs accrued into 1978-79, as to how the implication can be left, that the costs of engaging our

services are going to be 40 percent higher than the costs as if they were done in-House. And I'm sorry, I'm afraid that that is the implication that is being left.

IR. CHERNIACK: I'd like to ask Mr. Ziprick what space was occupied by his department when he had — is it 11 more staff members than he has now?

IR. ZIPRICK: We have 9 less staff members now than we had a year ago.

IR. CHERNIACK: How much less space are you using than you were when you had 9 more than you have now?

R. ZIPRICK: We're still using the same space.

R. CHERNIACK: In calculating this 100 percent or whatever figure used by private auditors, I assume they calculate what they estimate is salary of the particular Auditor, or the class of Auditor, plus a markup which would include their overhead, plus profit. Is that a fair assumption?

R. ZIPRICK: I would say if they want to stay in business they have to get a return on their investment.

R. CHERNIACK: Correct. And is my recollection correct — and I did not hear very clearly in the Supply Estimates Committee — did I hear correctly that there will be charges made to the Crown corporations by the private Auditors? I think the figure I heard was \$250,000, as compared with \$150,000 charged by Mr. Ziprick. Are those figures correct? Did I hear them that way, or am I mistaken?

R. ZIPRICK: No, it was stated at the time that the audits were assigned that our billing for the first year that we did the work, our salary, cost plus 25 percent — and that was very clearly stated was \$250,000.00.

R. CHERNIACK: \$250,000.00.

R. ZIPRICK: And so the total now, I don't have the total now, but it would have to be quite a bit more than that.

R. CHERNIACK: Well, then 40 percent on top of \$250,000, I believe is another \$100,000, making \$350,000.00.

R. ZIPRICK: Roughly, in thereabouts, and I would consider that a very fair kind of charge.

R. CHERNIACK: As being the charge made in the private sector.

R. ZIPRICK: That's right.

PARASIUK: Yes, mmr. Cherniack raised the point about the private auditing firms charging the salary of all the people, plus the overhead and plus a profit margin that you, of course, wouldn't be charging for in your operations, in your billings to any of the entities that you audit. You answered that, saying that there was a profit margin built into the price that private Auditor's would be charging the government.

But I'd like to ask you specifically if your costs, the costs that you incur, will be exactly the same to you if you have some of your staff conduct this audit or if you have a private audit firm, a consulting firm, go in and do an audit for one of the Crown corporations for which you have a statutory obligation to perform the audit?

ZIPRICK: I'd have some overview responsibilities and there would be costs involved, but they would not be very significant because in this arrangement they would do all the work and the overview of the cleaning up would be relatively insignificant. I may just add that I should elaborate on the way that my office bills out. Now, the billings that we do is not on my authority, in accordance with my Act; this billing is approved by the Lieutenant-Governor-in-Council and it was established, probably 15 or 20 years ago that we determine our appropriation costs and arrive at a figure. It was established by the Lieutenant-Governor-in-Council that it be cost plus 25 percent. So that is not a figure that I set, but it's . . .

MR. CRAIK: Mr. Ziprick, can I ask — Mr. Chairman, sorry, if you don't mind me interjecting — that the one plus 25 percent was established at some point in time?

MR. ZIPRICK: It was established by the Lieutenant-Governor-in-Council about 15 years ago.

MR. CRAIK: So that is information, that that figure of the charge-out is based on a formula set by the LG in C, not by yourself.

MR. ZIPRICK: That's right.

MR. CRAIK: Well, that's extremely valuable.

MR. PARASIUK: I believe the Auditor was answering my question when the Minister interjected.

MR. CRAIK: Only for clarification, Mr. Chairman.

MR. PARASIUK: Fair enough. Did you have anything more to add with your answer when he was . . . ?

MR. ZIPRICK: No, I think we will know more as time goes along but on the basis of what I see now that the overview costs to put me in a position to sign a certificate will be relatively insignificant.

MR. PARASIUK: Will it be the same as it would be if you had your own staff doing it? That's the point I'm asking. Or is it marginally different but not that significantly different?

MR. ZIPRICK: Basically, it's much the same as if my own staff was doing it, because it's the same kind of procedures to arrive at the point of verification to put one in a position of certifying. They are qualified chartered accountants, they know what's required and they will have everything completed and we will just spend minimal time, take a look at it, and I will be in a position to certify it.

MR. CRAIK: Well, Mr. Chairman, I think Mr. Ziprick's statement that the 125 percent of salary was set some years ago by LG in C is fairly important because it doesn't necessarily reflect the fact that he thinks that that's what the actual costs are.

I think, No. 1, if we could get some indication — I gather that that was some 15 years ago?

MR. ZIPRICK: That's an approximation.

MR. CRAIK: We'd like to get some confirmation of that being set by LG in C, if it was done by Order-in-Council. Perhaps it wasn't, but if it was, if we could get that.

MR. ZIPRICK: I am satisfied that it was and the Order-in-Council is handy in our office because we always have it handy.

MR. CRAIK: I suspect, Mr. Chairman, that it, given the last four days of examination of The Financial Administration Act, that we would not want to see the Auditor charging out at a rate set by LG in C rather than by the Auditor himself who has an arm's length relationship. Perhaps to bring it down to the point in question, which I gather, again, is the 1979-80 charges to be accrued in 1978-79, which aren't even in the report that we're dealing with, what does the Auditor feel directly that might be a realistic charge for the services of the Auditor? Is there a formula that can be used? Are the comments that I think are generally accepted in the private sector? And I think that I would be inclined to use, regardless of what type of service organization, the minimum breakeven is payroll plus 100 percent; is that unrealistic to assume that?

MR. ZIPRICK: It's not unrealistic to assume that. There are a variety of jobs and there are different timings, so that I've seen where, because of the timing and the conditions, there's probably some adjustments. But as far as the cost in my office at that time, I recollect that it used to be, I think 10 percent at one time. And there was a review made, and it was suggested that we deter

our other costs to the direct salary costs as a ratio to that salary cost, and it was arrived at 25 percent.

And at that time, it was clear that any costs that were not billed to our appropriation, for instance, the accommodations, that there be no attempts made at estimating, and that would not be passed on. Now, one could say that there's a form of a subsidy that was being given to these agencies, but the subsidy is so insignificant, and the amount of work that would be required to arrive at the space specifically for my office that it just didn't warrant it.

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Well, Mr. Chairman, I don't think I have any other questions at this point.

MR. CHAIRMAN: Mr. Minaker.

MR. MINAKER: Mr. Chairman, I have a couple of questions of the Auditor. Mr. Ziprick, I believe in the care of the Public Accounts that we're dealing with now, that there was a revenue figure of about \$500,000 that your department received for doing auditing for Crown agencies — I think it is somewhere in that order. Then if we understand that you charge salary, plus 25 percent, then you're probably looking at a salary of around \$400,000 for the auditors that were involved?

MR. ZIPRICK: I guess that's what it would work out to, roughly.

MR. MINAKER: Then I believe the total salaries for last year were somewhere around \$1,150,000, more or less. What percentage of those salaries would roughly be directly that of the auditors that would qualify to audit? Would you know that offhand?

MR. ZIPRICK: Well, all our other audit staff are on what we call time sheets, and that's time counted for, either on agency audits, or audits in government departments.

MR. MINAKER: But you must have some . . .

MR. ZIPRICK: Except the five senior officers, myself and four senior officers, and our . . .

MR. MINAKER: Clerical staff.

MR. ZIPRICK: . . . clerical staff, and then there's a little group, ten people that work on pre-audit, and they're confined to that particular operation, so that they're not costed in that system.

MR. MINAKER: Well, what would the figure be roughly, if you took the administration and the clerical staff, separated that out from those that would be directly involved in audits, of that \$1,150,000, what kind of dollar figure would we be looking at? Is it a third, two-thirds, or . . .

MR. ZIPRICK: Well, I just wouldn't want to hazard a guess, but we have run calculations on it recently as about three years ago to see how that 25 percent stacks up, as to whether we should . . . and it was fairly close. I think it was running maybe a little higher, but we felt it wasn't worth adjusting for an adjustment.

MR. MINAKER: Because, it would look like you'd have a revenue of about half a million, but your overhead in the business world would be \$1,150,000, which you can appreciate wouldn't work if it wasn't government type of thing. And also, —(Interjection)—

MR. ZIPRICK: No, our agency, that's only to agency. That's not the billing to the government.

MR. MINAKER: That's why I was trying to get the figure of roughly how many people, how many people were involved in that \$500,000 revenue, as compared to your own department. It might well be that the 25 percent figure now would be much too low, if you actually compared to what the costs of running your department are, taking aside those particular audits that you do in your department.

MR. ZIPRICK: The way it was arrived at was the total working time recording hours, and the salary of those particular people, and then picking up the overhead and determining as a ratio to that

total. Now, we don't bill the department, because it would be just a waste of writing cheque

MR. MINAKER: Your overhead would, for the office space, etc. and everything you had, would be then just the \$41,000 figure that you would use.

MR. ZIPRICK: I've indicated that our office space, we are not built for our office space, the province has a policy of not billing for office space. So, this amount that was set by the Lieutenant-Governor-in-Council, was that it could be the direct salary cost plus 25 percent, and it was on the premise that it wouldn't involve billing for any office space. And I made that point quite a number of times, that there's no way, at our rates of billing, that you could be in business.

MR. MINAKER: So that 25 percent is related to what occurs as Other Expenditures in your Estimates, then that's what it's tied into?

MR. ZIPRICK: The Other Expenditures, plus supervisory salaries that are not billed.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Mr. Chairman, can the Provincial Auditor tell us what are the payments being made to private municipal auditors?

MR. ZIPRICK: I'm told it's \$29 per hour for a chartered accountant.

MR. CHERNIACK: I'm trying to calculate. The last time I heard Mr. Ziprick's charge was, I think it was \$16.60 plus 25 percent, is that correct?

MR. ZIPRICK: That's approximately, correct. I think it was \$16.30.

MR. CHERNIACK: \$16.30 plus 25 percent, is something like \$20, is that 25 percent; and 40 percent more than that — am I in the right direction — would be also about \$29.00. Is that correct?

MR. ZIPRICK: That's . . .

MR. CHERNIACK: So, is that the charge being charged by private chartered accountants for Crown agencies?

MR. ZIPRICK: It'll be roughly in that area. And if it is, I think that I find that to be a good price.

MR. CHERNIACK: No, no comments.

MR. CHAIRMAN: Page 9—pass — Mr. Craik.

MR. CRAIK: Mr. Chairman, before we close that, to finish off the arithmetic, then what that would come out at is something less than two times payroll.

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: Yes, it would be probably somewhere like that, about 75 percent over payroll.

MR. CRAIK: Mr. Chairman, all my experience in the years on the outside, when I wasn't in government, tell me that I would be broke very shortly at that rate.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: I predict that the private auditors doing agencies will not go broke,

MR. CHAIRMAN: Page 9—pass; Page 10—pass; Page 11—pass; Page 12—pass; Page 13—pass; Page 14—pass; Page 15 — Mr. Wilson.

MR. WILSON: I have a few questions, Mr. Chairman, through you to the Minister. I would

that if I ask some of these questions that the Auditor might come back to me with answers. They can be fairly brief answers or tell me where to go for the information. I'm trying to arrive in my mind, if I could, with two items on this page, and one is the Wild Fur Program of the former government. Could you explain what the \$84,000 is? In other words, I guess probably the former government attempted to buy a number of snowmobiles and other things for people in the north, I get involved in this program. Is this program still in effect and if it isn't still in effect, what is this \$84,069 represent? Maybe I'll direct the question to the Auditor.

R, CHAIRMAN: Mr. Craik.

R. CRAIK: Mr. Chairman, perhaps just for clarification; once we're out of the Auditor's Report and into the Accounts, the statements here are actually Department of Finance accounts that are contained here, so if you want a breakdown of it, we'll have to obtain I guess the answers not readily available right off the top.

R. WILSON: All right then; what you're saying is you'll get back to me then?

R. CRAIK: That's the only alternative, unless there's some automatic answer and that's very unlikely to . . .

R. WILSON: Yes, I'm quite prepared to have the answers come back in written form if it's going to take some time or any research.

R. CRAIK: Well, Mr. Chairman, that's the recoverable part and it's probably under one of the shared-cost programs, which probably means that the amount shown is not \$84,000 but probably twice that, which is \$150,000 or somewhere of that order. But whatever the case may be, we can obtain that detail for you. It's very likely under one of the shared-cost programs with the federal government.

R. WILSON: What I'm basically searching is for ways to — in this particular committee which is dealing with seven months under the former administration and approximately five under ourselves — I'm looking for ways to track down missing assets or missing things that might be turned into an asset. And I simply say it seems to me that if the federal and provincial government got into a program to try a program in the north — and I stand to be corrected — it seems to me the program was not a success, then there would be capital expenditures and probably these were loans. Are these loans repaid? What capital assets are still to be recovered and sold? In other words, we didn't completely lose \$160,000.00. Maybe the question I'll ask which can be . . . What do we lose on the program? What is still outstanding to the government by way of loans?

My second question on this page is under Manitoba Housing and Renewal. Could I have the answer — again, I don't know, maybe I'm out of order — but in 1977-78, if it was \$45 million that the former government spent to acquire and build and what have you, if they bought a number of derelict or possibly surplus properties which the costs today prohibit us from continuing to go ahead and we are now selling off some of these properties, I would be interested in receiving what properties we have sold to date. What that will give me is the fact that I have a personal experience at the corner of Wolseley and Lenore where the former government was blamed for this eyesore. I am going to get blamed for it unless the government sells it to someone. Maybe I should direct the question to the Minister of Manitoba Housing and Renewal Corporation. But I would imagine under 1977-78 there wouldn't have been any buildings sold off right away as soon as we took office. Being a member of the Treasury Board, could the Minister indicate, would he think that most of the surplus properties that we're offering for sale now in the way of apartment blocks could have been in the last couple years, they wouldn't have been in 1977-78?

CHAIRMAN: Mr. Craik.

CRAIK: Well, Mr. Chairman, I'm afraid I really can't answer that.

WILSON: All right, I'll just leave that.

CHAIRMAN: Any further questions? Mr. Parasiuk, do you have a question?
Page 15—pass; Page 16 — Mr. Wilson.

WILSON: I would like to know if I was sitting as Chairman of one of the committees and

Moose Lake Loggers Limited came up and it appears that it has a very bright future finally, and I wondered if you could tell me who owns the shares of Channel Area Loggers Limited and Moose Lake Loggers Limited? In other words, has the government been propping up these two corporations? Are there private individuals that own shares or does the government own 100 per cent of them?

MR. CRAIK: No, it's entirely owned by the provincial government.

MR. WILSON: My next question is under Conditional Grants: Saunders Aircraft, \$40,179,898.00. While this might appear to be the fault of the former government, I would like to do everything I could to track down equipment and moneys that may help reduce this \$40 million horror story. I wonder if the Minister could tell me — during debate there was some suggestion that the Council of Colombia, some company named ACES, owed us approximately \$400,000 — have we made a settlement with them or could the Minister find out that information for me? What is the hope of collecting this debt or is . . . ?

MR. CRAIK: Mr. Chairman, I gather it's settled but I don't know how much has been collected on the matter. I guess it's a further question as to whether this entirely reflects all of the Ministry's costs on it as well.

MR. WILSON: Then I could leave that as a question on the books but I would like to find out what receivables in 1977-78 were outstanding to Saunders Aircraft Limited and then of course I would be able to, in 1978-79, get hold of the Auditor or write the Minister how he's coming along with his collections.

MR. CRAIK: Well, Mr. Chairman, I gather that as long as his six-guns aren't on the table, that it makes it easier to collect, and that things have been going better since the six-guns are no longer there.

MR. CHAIRMAN: Page 16—pass; Page 17—pass; Page 18—pass; Page 19—pass; Page 20—pass; Page 21 — Mr. Wilson.

MR. WILSON: I wonder if the Minister or Mr. Ziprick could explain what is the \$88,010 for SkyWest what does that represent?

MR. CRAIK: That's for the year before, Mr. Chairman, but is for bookmatches, uniforms, and other things that were accumulated for the purposes of setting up a Manitoba airline.

MR. WILSON: Well, the point that I am getting is at it has been rumoured or suggested to me that there are large amounts of matches. I wasn't able to get hold of any of them. I did get hold of some from the Manitoba Government Air Force, but I wondered where would I find the receivables. In other words, if the government spent money on stewardess uniforms, matches, on airplanes promotional material for this airline that was the brainchild of the Member for Brandon, I wonder if somebody could find out for me where the assets of SkyWest have disintegrated to. Are they still in storage in the building somewhere?

MR. CRAIK: Mr. Chairman, I hear the Member for St. Johns asking where are the matches. I think we ought to undertake to get him not only some matches but maybe a spare uniform.

MR. WALDING: Page 21—pass; Page 22—pass; Page 23—pass; Page 24—pass; Page 25 — Mr. Wilson.

MR. WILSON: I have a question, if it could be explained to me. What would be the purpose of buying the Manitoba Police Commission a mobile van? Was this a replacement vehicle or is it a new policy that took place in 1977-78 to buy the Manitoba Police Commission a mobile van? I just ask the question: Is this physical asset still in the government fleet or what? It's on page 25; it's about 10 items down. It's called the Manitoba Police Commission mobile van.

MR. CRAIK: I think we could undertake to find out whether that's a grant towards that Manitoba Police Commission mobile van.

MR. WILSON: I realize, Mr. Minister, that . . . I wondered, while we were examining expenditures

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read some of Mr. Ziprick's past comments to the previous committees of Public Accounts and would it be fair of me to ask, also, the reasons why this van was purchased?

MR. CRAIK: Mr. Chairman, I gather, since we're under Sundry Trust Accounts, that's money that's held in trust for that program, but perhaps we can get more information and find out. It's very kely a grant towards that program.

MR. WILSON: I see, all right.

MR. CHAIRMAN: Pages 25 to 40 were read page-by-page and passed Page 41—pass — Mr. Minaker.

MR. MINAKER: Mr. Chairman, I was wondering if any of the members opposite have any questions up to Page 92. Then I would suggest that we move to approve pages . . . We were on 35, were we? To 92, inclusive. Right?

MR. CHAIRMAN: Pages 42 to 92 inclusive—pass; Page 93 — Mr. Wilson.

MR. WILSON: No, Page 92. I wanted to ask a question. It comes under the heading of Expenses under Ministerial, the Attorney-General, and what I would like to know is, just in a way of an explanation so I can better understand it, not having any experience on the Treasury Bench, what the word "other" means, \$1,448, because I would like a comparison. As you know, I raised questions last year about the Member for Burrows, who was the Tourism Minister, and I notice the difference, charging the Attorney-General of \$1,400 to the Member for Burrows at \$7,440.54, under the guise "other". And I wondered if I could get an indication of what this is and then maybe it would fit my concerns to rest.

MR. CHAIRMAN: Mr. Cherniack.

MR. CHERNIACK: Just on a point of order. Where is that reference to the Member for Burrows; didn't see it. —(Interjection)— 189.

Mr. Chairman, just on a point of order, I see no reference to the Member for Burrows and I think that Mr. Wilson ought to keep his nomenclature correct.

MR. WILSON: Yes, I will refrain from mentioning who the individuals are and leave it up to those who are curious to search out to see who the Minister of Tourism was during 1977-78.

MR. CHERNIACK: Banman, I think.

MR. WILSON: I believe, Mr. Chairman, we are dealing with seven months of the former government's spending.

MR. CRAIK: We can get a breakout, if that's necessary. —(Interjection)— Yes, but we're not there yet, so, unlike the earlier part of the evening, perhaps we'll stick in sequence here and not jump 20 years.

MR. WILSON: All right, I will wait until I get to 189 and then ask the question.

MR. CHAIRMAN: Page 192—pass — Mr. Parasiuk.

MR. PARASIUK: Yes, if the Minister is going to do breakouts I think that it would be wise if I've given notice to the Minister that it would be good for the Department of Finance, I think to break out all the expenditures that the Minister incurs in relation to his duties on bond issues and things of that. The figure may be high but I think the Minister really will be able to defend it as being in the public interest and I think that sometimes it's unfortunate if somebody just picks a number out of the air that may be high and then try and speculate from that that something untoward happened in terms of the Minister spending money. Certain Minister have duties which entail more travel than other Ministers and I would think that the Minister of Finance's expenditures, for example, probably with respect to travel and other items like that, will end up being higher than, say, the Attorney-General's expenditures in this present fiscal year or the year 1978-79. But since the Member for Wolseley seems to be quite interested in that type of thing, I think I would be glad if we continued this into this coming year. And I was just serving notice to the Minister that

I will be asking questions of that nature, just for comparison's sake.

MR. WILSON: I'm dealing with 1977-78 and I am not referring to 1979-80 or any current situation I was dealing with the Grey Books that were in front of me and I will wait until I get to Page 18. I have no further questions on Page 92.

MR. CHAIRMAN: Page 92—pass; Page 93—pass; Page 94—pass — Mr. Minaker.

MR. WILSON: Mr. Chairman, if no one else has questions, as the Member for St. James has stated we could move on. How about if we move to 94 to 146 inclusive, if there are no questions between those pages.

MR. CHAIRMAN: Pages 95 to 146 inclusive—pass; Page 147 — Mr. Wilson.

MR. WILSON: No, on Page 146, Mr. Chairman.

MR. CHAIRMAN: Page 146.

MR. WILSON: I was told I might ask about the Northern Waste Management Program, which was joint-shared by the federal and provincial government, and I had information that this program over a number of years, and which also dealt with sewage lagoons and the testing of vegetation as a means of recycling waste and what have you. I wonder where I might find that under that section, because I was referred to it. Is it under Engineering Services and Construction?

MR. CRAIK: Mr. Chairman, I gather the member's question is getting warm and we will attempt to break it out under that heading.

MR. CHAIRMAN: Page 146—pass — Mr. Wilson.

MR. WILSON: I just want to leave it with this, then. The question I would ask is a breakdown of the provincial costs and the federal ments in costs as it pertains to the waste management experiment north, for the year 1977-78. The reason I ask this is because I understand at some point in time that there was a permafrost experiment in some of the northern communities and some of the composite toilets were actually heaved into the air by the change in the permafrost movement and some of these particular composite toilets were given to native people that didn't understand the workings of them, and when there was a social gathering some of these composite units were meant for a limited use and after two or three people used them they started to overflow into the residences. And I want to look at these cost figures to see if the inconvenience caused to the people who had these composite toilets hoisted upon them without being given an education as to how they work, as to whether we received value for the money so therefore I want to look what the cost to the taxpayers was in this two-year period.

MR. CHAIRMAN: Page 147—pass; Page 148—pass; Page 149—pass — Mr. Minaker.

MR. MINAKER: If there are no questions between the last page approved and 188, I would recommend that we pass those inclusive.

MR. CHAIRMAN: Pages 149 to 187 inclusive—pass; Page 188 — Mr. Wilson.

MR. WILSON: I wondered if I could have a breakout of the travelling expenses under this item of \$10,811.96? This is on Page 189. This is the Minister of Tourism, Recreation and Cultural Affairs. I sat on a number of the provincial and city boards pertaining to the promotion of tourism and I sit now on the Convention Centre Board and I have done a great deal of promoting of the province without this type of extensive travelling expense. I would like to ask if I could have a breakout of that and then possibly just a generalization, I don't want specifics, of the next item, but what might come under the term "Other"? You know, would this be for clothing if the person was visiting Churchill in the wintertime, what might it be for? That's the question I have for the second part of it.

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Mr. Chairman, is that the \$7,440 item?

MR. WILSON: No, I would like a breakout of \$10,811.96.

MR. CRAIK: Yes, plus the other.

MR. WILSON: The Other, I just want an explanation as to what might come under the term Other, just a generalization, I don't need a breakout because I'm not interested in if he had A and W hamburgers or not. I'm not interested in that type. I want to get in my own mind what this Other . . . Well, this is my very point, Mr. Minister. —(Interjection)— That's right.

MR. CRAIK: We'll give you a breakdown of that.

MR. WILSON: Well, for instance if I could use probably, I mean, what if a particular Minister went out and bought two of these mosquito bug machines and they didn't work and he hadn't bothered to phone the government to see if they were certified or working or that type of thing? This is what I'm getting at. I realize that it doesn't fit in any category, but what I'm trying to get is a general idea of what Ministers present and past might buy under this section. It might be something for his office, I don't know.

My next question is under that. Under the breakout of that \$10,811.96, for instance if the individual who was Tourism Minister for seven months of the book that we are looking at, under his name it also happens to show \$4,750 or \$2,385, would this be in addition to this \$10,811.00? In other words, there's a page in this book, there's a page in Public Accounts that shows where every MLA had for travelling.

MR. CRAIK: Mr. Chairman, the travel item here, \$10,811, would include staff-plus, I presume could conceivably be part of the Minister's travel as well. The part that would be shown under the Other book would be part of it. We could fall in both places.

MR. WILSON: My reason for raising this is because in the Auditor's report he reported that — believe it was in '76-77 — there was a \$10.4 million travel item, all inclusive, and it had gone to \$14.5 million, all inclusive, and I think that I, by raising this, might ask that by examining the '77-78 year, that possibly our government might look seriously at reviewing its travel policy. I believe they already have, with the review and possibly with the idea of cutting back on that \$15.4 million travel expenditure, possibly cutting it down to as low as \$5 million or \$6 million. This to me would be a real area of restraint and it would help me offset some of the criticisms that some of the hospitals are causing us by cutting back on some of their supplies. I think that when I get the information from the Minister as to the breakout of this type of an item, it'll help me further my study on travel by government employees to conferences and the like.

R. CHAIRMAN: (Pages 189 to 197 were read and passed.) Page 198 — Mr. Wilson.

R. WILSON: I guess probably it puts me in the possible unfair advantage over certain members of being on this committee and asking for a breakout, but I think that I was able to show the first time that I asked for a breakout of some of the questionable and some of the meaningful type conferences and that, that some of the harshest critics of us for expending money have not demonstrated the same type of thriftiness that they want us now to perform. And so therefore I would request that the item \$2,389.28 be broken out for myself so that I can put it in the file which I received last year on the same gentleman. It's on Page 199. It's the second item.

R. CHAIRMAN: 198—pass; 199—pass.

R. WILSON: I'm good till 216, Mr. Chairman.

R. CHAIRMAN: (Pages 200 to 215 were read and passed.) 216— Mr. Wilson.

R. WILSON: I wonder if it would be fair to put on the record under the item of Sundry Trust accounts that the Law Society and Solicitors Trust Account is sitting here, \$1,912,305.00. Could Ziprick tell me, is this the money that was sitting there for the use of the government, or who would it be for? What does this money indicate?

R. CRAIK: Mr. Chairman, the formula is that 25 percent of the Trust Fund interest goes to the Law Society for purposes of their own educational uses and 75 percent goes to the provincial

My recollection is that the original intent was that it would primarily pay for the Legal Aid Service set up by the provincial government and now partially pays for it, at least the 25 percent of the Trust Fund interest is retained under the Act by the lawyers, by the Law Society.

MR. WILSON: Mr. Chairman, in our previous Public Accounts meeting on — I believe it was an answer given to me March 1st, 1978 — that there was \$3, 286,541 sitting in this account. Now I've been reading with interest the media's following of the problems that seem to be existing. We apparently set up a Budget every year which allows the members of the Law Society to approximate feed to the tune of \$3 million a year on Legal Aid, and then every year they do not live with their budget and there's always an overflow. I believe this year they were shortchanged some \$200,000.00.

My concern is this, that there is an agreement whereby money that belongs to people — that is a windfall gain because it happens to be sitting in a bank account — this money goes to the Consolidated Fund. And the lawyers of this province have been telling me it is not a grant, that it is merely keeping an agreement that was signed with the former government, I believe, Mr. Mackling was the Attorney-General at the time.

I submit that as soon as the money is put into the Consolidated Fund — and I'm asking the Minister — as soon as money is put into the Consolidated Fund, does that money not belong to the taxpayers of Manitoba?

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Mr. Chairman, I presume it can go in and out. If it goes in and out by statute, which it does in this case here, that that would override any mechanism of transferring of it, including the Consolidated Fund. So if the statute states that the money goes into the fund, then it would go out. And whether or not it was the Consolidated Fund, it would be secondary to that statute.

MR. CHAIRMAN: Mr. Cherniack, to the same point.

MR. CHERNIACK: I'll try to be helpful. There's a bill before the House now, under section read called Statute Law Amendment Act, where there is a proposed change to The Law Society Act which will then determine that this money will go directly to Consolidated Fund. But there is also a section or other, or subsection in The Law Society Act, which, I believe, sets out that the money received shall be paid out in accordance with a certain formula. As I recall, the Attorney-General said there is no intention to change the formula, there is just saving bookkeeping by letting it into the consolidated revenue rather than into a special trust division.

That's my recollection, but I would suggest to Mr. Wilson that he can look at that amendment and look at the occasion when Mr. Mercier introduced the bill — I think he will find some comment that will update him on this.

MR. CHAIRMAN: Mr. Wilson.

MR. WILSON: I have a letter dated June 1, 1979, which is almost as current as you can get, which indicates that there is no anticipated change by the Premier and the Treasury Board, and . . .

MR. CHAIRMAN: Order please. Is the member going to quote from the letter?

MR. WILSON: I am not quoting from any letter.

MR. CHAIRMAN: All right.

MR. WILSON: I don't need a letter. What I'm suggesting is that on Page 216, back in 1977 and existing still today, something which in my opinion is morally wrong, and that is to take money that belongs to people and give the Law Society a 25 percent kickback for collecting this money and turning it over to the government.

Now, other businesses, if they have trust money or give the money to the Consolidated Fund and do not get, do not get, a remuneration, do not get a gift, do not get a grant, do not get any type of arrangement. And I say that this arrangement should cease and desist. I think that if the lawyers have such a good educational program they should be under the Department of Education. They are acting as a body which is completely autonomous from the rest of society. It really is

e that the richest, the most affluent members of our society, are feeding at the taxpayers' trough the tune of \$200,000 to \$300,000 a year, under the guise of an educational grant. Now, if they want to use taxpayers' money under the Consolidated Fund, we have 221,000 square feet of empty space, there's no need for them to have a wall-to-wall carpeted office in Lakeview Square; have luncheons; and even in the 1977 Estimates which are before us, Public Accounts, there's an item of \$10,000 where the government then gave the lawyers of this province \$10,000 to go down to Ottawa to a conference.

And this is the type of thing that when I look at the salaries that they make, they make more money than doctors who have to spend 15 years in school; they are the most leading wage earners in this province and I cannot see why they cannot put the money that does not belong to them into the Consolidated Fund by statute and if they are so poor and can't collectively pay the money into the society on their own, then they can apply to the government like anybody else.

The engineers do not get a grant, the chartered accountants do not get a grant, and I do not agree with the First Minister and the former government, when they continue with this policy to give 25 percent of money that belongs to people and is a windfall, because the banks choose to pay interest and which by statute of the former government demands that they pay into the Consolidated Fund I wanted to raise it under this item, and I've said my piece, and I don't want to take too much time of the committee. And it was only part and parcel of a grievance that I had planned for the session, but I did not get a chance, and maybe I will in the fall if the policy does not change.

I believe that the Educational Minister should be asked of his opinion as to whether he likes educational programs to be administered and run by autonomous bodies, or whether he would like to have it supervised and policed under his department.

CHAIRMAN: Mr. Parasiuk.

PARASIUK: Is the member asking that of the Minister of Education, or does he intend to use some other form to pursue that, because the Minister of Education just happens to be here?

CHAIRMAN: Mr. Wilson.

WILSON: No, I'm directing my comments for the record. I believe that they will be read by the Treasury Bench, and they can make their decision. It would be unfair of me to drop a bomb on the Minister of Education without giving him such chance to ask for the staff to give him the research material as to how this came about. —(Interjection)—

CHAIRMAN: Page 216—pass; Page 217—pass — Mr. Wilson, Page 217.

WILSON: No, 219.

CHAIRMAN: 218—pass; 219 — Mr. Wilson.

WILSON: I notice with interest something here on 219, and I wonder if the Minister could explain to me. I was of the opinion that the Winnipeg Art Gallery, the Theatre Centre and others give money under some form of a grant, and I wondered why the Winnipeg Symphony Orchestra did appear for another \$10,000 here on Page 219. I wonder if the Minister could give an explanation, and maybe give me why this appears because I know that the Winnipeg Symphony Orchestra receives far more money than just \$10,000.00.

CHAIRMAN: Mr. Craik.

CRAIK: There's more on Page 216. On Page 216, there is an additional amount under Manitoba Series Commission, Cultural and Recreational Development Fund, \$1.697 million. And a portion of that goes to the Symphony as well.

WILSON: Then obviously this is a special grant. Maybe the Minister could take it as a question of what the \$10,000 is for. You could take it as notice, if you want.

CRAIK: Yes.

MR. WILSON: No, just a minute, I have one more. I read under the Lotteries Commission that there was a \$20,000 ceiling on grants for . capital programs for the building of physical plants such as recreation halls in the country, and I wondered if I could have, so that I could satisfy myself under Lorne, what \$41,522 is for.

MR. CRAIK: Page ?

MR. WILSON: Page 218. It would give me a . . .

MR. CRAIK: Lorne Municipality?

MR. WILSON: What I'm saying is, I was under the impression there was a \$20,000 ceiling. I just raised the question. This seems to be so much larger than the others and I wondered why that preferential treatment. It's probably for a just cause, it's sort of a minor fishing expedition. If I could have what it's for, you could take the question as notice.

MR. CRAIK: We'll obtain it for you.

MR. WILSON: All right, thank you.

MR. CHAIRMAN: Page 219—pass — Mr. Wilson.

MR. WILSON: No, 220, I'm sorry.

MR. CHAIRMAN: 219—pass; Page 220 — Mr. Wilson.

MR. WILSON: I wondered if I could have a break-out of the professional fees. I can't understand in my mind if an explanation of why the Lotteries Commission would need professional fees of \$7,800 and I wondered in this year, 1977-78, if I could have a break-out of that?

MR. CRAIK: We can obtain that, Mr. Chairman.

Just as a matter of curiosity, I'm wondering if that top line on there is Waterhorn or Waterhen. I've never heard of Waterhorn in Manitoba.

MR. WILSON: I think it's Waterhen.

MR. MINAKER: I was up there last weekend; it's Waterhen.

MR. CHAIRMAN: Page 220—pass; 221 — Mr. Wilson.

MR. WILSON: Like Myra Spivak in Education, I would urge under this page to put on the record the grants to the City of Winnipeg, \$2,748.00. I realize that the odd time there's a large grant under the Lotteries to build, say, Sargent Park pool, or maybe a fieldhouse for the University of Winnipeg but in my opinion these services serve all the citizens in Manitoba, and in the individual core areas of the City of Winnipeg we are underfunded and the answer I get when I encourage and try to get our government to change the Lotteries policy to begin to give money to the underprivileged core area community centres, which do not have the large soccer fields of the suburbs, we do not have the black lights and the wall-to-wall carpeting and the suburban luxury of community centres. I am speaking and going to bat for the core area community clubs in saying, I would hope that our government would look at taking some of this \$2 million we're hoarding under Lotteries and giving it out to these core area community clubs on a need basis, and it would get the money off the street.

So I am just using this opportunity, I realize it's not in the form of a question, I'm just putting on the record that I would like to see on Page 221, this amount increased on a need basis, some criteria established. So I hope Mr. Gary Solar and others who are with the City of Winnipeg would lobby the province; that we would be able to give direct grants to community centres in the core area not have it to give it to the City of Winnipeg under block funding, where the city divides it up equally amongst the affluent suburbs and the City of Winnipeg.

I think that we're being shortchanged in the core area and I would hope that the government under Lotteries, would be able to deal with community centres on an examination and a need basis.

Public Accounts
Friday, June 8, 1979

R. CHAIRMAN: Page 221—pass; 222—pass; 223—pass; 224 — Mr. Minaker.

R. MINAKER: I move that we pass 224 to 232 inclusive.

R. CHAIRMAN: Page 224 to 232 inclusive—pass.
Mr. Wilson.

R. WILSON: Mr. Chairman, I have a question under 232. I wonder if he could explain what the South Indian Lake Co-op Store has. It's got a brackets around \$99,879.39. Why would there be brackets around it? Did this company go bankrupt, or why would the brackets be around it? It seems to be . . .

R. CHAIRMAN: Mr. Craik.

R. CRAIK: I gather, Mr. Chairman, that that was owed at the beginning of the year, and they received income to pay it off, but it probably was a grant from the provincial government in order to do the payoff.

R. WILSON: Well, in other words, Mr. Chairman, it was a debt that was owing that was written off by the former government to allow them to start the new year without any debt picture. Is that correct?

R. CRAIK: We can get that information. To take that as notice and get me the information.

R. WILSON: Yes, I'd like your information on that; I'd be interested, Mr. Chairman.

R. CRAIK: Okay.

R. WILSON: I have no further questions.

R. CHAIRMAN: Page 233 — pass — Mr. Miller.

R. MILLER: All I wanted to suggest or ask, is that the questions taken by . . .

R. CHAIRMAN: Use the microphone, please.

R. MILLER: . . . if he could send copies to me as well — all the questions taken by the Minister on behalf of . . .

R. CHAIRMAN: Mr. Craik. **MR. CRAIK:** I think the procedure normally, Mr. Chairman, is that you . . .

to you directly for distributional copies.

R. MILLER: Oh, I see.

R. CRAIK: To the member asking and to the chairman, who has copies for distribution.

R. MILLER: Okay.

R. CRAIK: Okay.

MINAKER: I now suggest that we approve the remainder of the report at 251 please.

CHAIRMAN: 251.

CRAIK: That's the last page.

CHAIRMAN: Balance of the Public Accounts—pass;

MEMBER: Are we going into the other room?

MR. CHAIRMAN: Is it the wish of the Committee to continue with the supplement?

MR. CRAIK: I would think, Mr. Chairman, that we ought to go ahead and proceed, unless there is a problem.

MR. CHAIRMAN: Mr. Wilson.

MR. WILSON: . . . to help the Committee out, Mr. Chairman, I have a number of items that I would like to have not that many really but a number of items which would — I'm asking for breakout on some of them, so what I will do is maybe tell my colleague if I could, what pages I have questions on and you might not have to do it page by page. But I have some questions, when we get toward approximately — oh, around the 157 mark, 156, where we get into the cash payments corporations.

MR. CHAIRMAN: It might expedite matters if you inform the Chair the first page that you have a question on.

MR. WILSON: I have one question on Page 6 and then I have another question beginning at Page 156.

MR. CHAIRMAN: Pages 1 to 5—pass; Page 6 — Mr. Wilson.

MR. WILSON: Mr. Chairman, I wondered if the Minister could indicate, based on this report that is in front of me, is there any indication at some point in time that the executive positions of the government, namely the senior civil servants, are pegged at some sort of a ceiling. By that, I mean every time we get a 9 or 6 percent settlement or whatever with the government employees, then at the top also receive 9 and 10 percent or whatever, or 6 percent, and I'm wondering for your clarification, because I don't know the answer, at some point in time, do they say to that last group of people in the senior positions, that \$50,000 a year is your ceiling? Is there any type of a policy like that, that our government, past or present has?

MR. CRAIK: Mr. Chairman, all during the period of the AIB controls, the upper limit was \$2,000 on average for a given category, so that for the last several years, that has generally been the guideline for increases, regardless of salary level. With the lifting of the AIB, then a different set of rules will apply, and I believe the only one that has applied since the removal of AIB has been a 6 percent increase at the top staff level of a maximum — (Interjection)— yes, with a maximum of \$2,250. So, it's basically still pretty close to the same.

MR. WILSON: Well, I'll just make the observation, and the Minister doesn't have to comment, during the hearings on Moose Lake Loggers pertaining to The Pas operation I was indicated that there were as many as six foremen to ten cutters and when we were on the City of Winnipeg, it was always five men, one shovel, and I would like at some point in time, especially that at some time in the period of restraint and reorganization — point in time, the city fathers have expressed concern that the commissionaires and some of those people, their salaries are going quite high. I guess I should really be concerned about this, except that as everyone keeps telling me, well, look at what hockey players make. But I think at some point in time, a man can only eat one steak a day. I think the government has to look at how high is up. To me, \$50,000 a year seems to me to be a most generous salary and I would hope that when they start getting above that, as some of them in Ottawa go as high as \$68,000 or \$62,000, I would hope that we take a serious look at it. That's generally my comments until we get to Page 156.

MR. CHAIRMAN: Page 6—pass; Pages 7 to 155—pass; Page 156 — Mr. Wilson.

MR. WILSON: Well, I notice with interest, a large number of cartage companies seem to do quite well by the government, and I notice the Mayor's friend here, Mr. Golden is \$26,388.70 under the Academy Cartage. I wonder, since everything is computerized, if the Minister could give me a breakout of the cartage expenses for the government for the year 1977-78.

MR. CRAIK: Well, Mr. Chairman, yes, we can get a breakout of that, Mr. Chairman.

MR. WILSON: Then if I could with your permission, Mr. Chairman, there's some of them appearing on that page, on Page 159 and also 158.

IR. CHAIRMAN: 156—pass; 157—pass; 158. Mr. Wilson.

IR. WILSON: All right, I have to take the first one but I wonder if they could give me the same information under Taxis, because I have a concern that last year, under 1976-77 Public Accounts, the taxi charges throughout the province were well over, I believe, \$400,000, and I would hope that during our period of restraint that we would be examining the amount of taxis being taken especially in light of the raises that have been given to the taxis in Winnipeg and what have you, and look for alternate means. I noticed the steady holding pattern for Greyhound and Grey Goose Bus Lines and I would submit that many of the residents from the northern communities might well attend school in Dauphin and other places. I speak with particular concern, that I don't see why we don't recover that money—maybe I'll ask the Minister—do we recover any of this \$400,000 and again it's not all attributed to the northern residents, but some of the most shocking taxi bills come from the north; would the Minister be able to tell me if he recovers any money from the federal government for native people travelling under hospital visits and whatever, from reserves, into cities like Dauphin or wherever? Do we recover any of that money from the federal government?

R. CHAIRMAN: Mr. Craik.

R. CRAIK: Mr. Chairman, there is a recovery. I can't indicate the percentage but there is a recovery under the Social Allowances Program that this is cost-shared with the federal government.

IR. WILSON: So when I get this breakout of 1977-78, I'll be looking for some reductions in 1978-79, but it will then be unfair of me to blame the former government for \$400,000 of taxi bills, when in fact the taxpayers of Manitoba will be recovering some of it from the federal government.

IR. CHAIRMAN: Page 158—pass; the next page—do you have a question, Mr. Wilson? Page 159—pass; Page 160—pass; Page 161—Mr. Wilson.

IR. WILSON: I notice again, but again I don't know whether this is food for hospitals or what it is, but it would seem to me if you have a steady pattern of \$30,000 a year going to, say, Avenue Meat Market Limited and throughout here, I'm just trying to envision in my mind and I'm not trying to single out this particular store or anything, but I think if I got a cost figure, I'm just wondering how much food the government buys. Maybe what I'll ask is, if I could have a breakout of the food item, then what I would be able to determine is ways in which myself, again, somewhat of an amateur efficiency expert, but maybe there's a lot of food wastage that could be cut back or something. —(Interjection)— The Member for Seven Oaks says: "Maybe I'll get down there and eat the steaks." But I wonder if that's possible; could I have the breakout and then a comment from the Auditor or the Finance Department as to what type of circumstances that the government is going to go out and buy large purchases of foodstuffs? I was going to begin to look up F.G. Bradley, but I —(Interjection)— Bradley is usually good for quite an order every year; I'm just trying to find out. No, he's not in here this year,

IR. CRAIK: Mr. Chairman, apparently it's not coded in the records by breakout of whether it's meat or whatnot. It's basically just coded subsistence, so all you'd do is have a series of bills that came in from Avenue Meat Market without any breakout.

IR. WILSON: Well, this is what I want to avoid because, you see, I'm taking the first one, I'm taking Avenue Meat, but on page 188, F.G. Bradley is constantly over \$105,000 a year, so what I'm trying to get at is I'm trying to find out maybe say the government buys . . . would it be under food; what coding would you put this under? I don't want to know what you bought from Avenue Meat. There's a section under your computer that says the government spends \$9 million a year on buying foodstuffs; whether it's canned goods or whatever.

CRAIK: . . . on page 121, for instance, under Institutional Mental Health Services, for instance, a breakout under Subsistence; there's an article of \$371,000; we could give you a breakout for that one of one portion is what; meat, etc.? Well, the problem is, if you get into the vouchers, you can't. . .

WILSON: No, no, you can't do it.

MR. CRAIK: But you can break out the total subsistence payments without too much difficulty out of all the appropriations that are contained with that being an example, Institutional Health Services.

MR. WILSON: No, I think I'll withdraw the question. I think possibly the best approach is to ask the individual ministers, for instance, I could possibly ask the Minister of Health under what circumstances would the government pick up the tab for foodstuffs in institutions and that type of thing. So what I'm saying is for instance, the hospital could in theory if they were autonomous could buy from Bradley or order their meat from Avenue or Bradley or whoever they choose and the government would pay the bill, so I think I'll withdraw that, I don't want to put the staff to work; it's not that important.

I have a question on page 162.

MR. CHAIRMAN: Page 161—pass; Page 162 — Mr. Wilson.

MR. WILSON: Would the Minister be able to tell me what this item: Banburry Cross Ageless Toys \$37,600 seems an awful lot of money for toys.

MR. CRAIK: We'll break that out; we'll obtain that.

MR. WILSON: Yes, as I say, it may be very worthwhile . . . but I'm just a member of this committee. I see this item in front of me and I'm sure that the Minister doesn't want me to tie up staff going over to the Norquay Building and looking at the microfilms and hauling out the invoices and what have you. I know the experience that he had when I went on the search for the coffee, and I'll just leave that page then; that's fine.

MR. CHAIRMAN: Page 162—pass; Page 163—pass; Page 164—pass — Mr. Wilson.

MR. WILSON: To compare with the maker buy; I wondered . . . I notice, for instance, Bee-Cliff Winnipeg, it has gone up from 107,000 to 182,000, at what point in time does the government examine to see if there's a cartel in the building maintenance. Do we tender out our building maintenance contracts, if we tender them out to the private sector? In other words, at what point in time do we begin to ask ourselves, is there competition in the marketplace, because it seems to me, a rather alarming increase. Maybe they've taken over more buildings and maybe they're doing such a good job, that they slowly get more and more buildings to clean. Maybe what I'm asking is at what point in time — in other words, what I'm maybe looking for is, is there enough maintenance firms out there, that on the tender system, the government would be better as the banks have done and decided to, you know, maker buy — they've decided to go outside for these services and I guess maybe I'll just leave those as comments for Hansard and not ask for a breakout.

The other one, upon searching the Henderson Directory, it has Mr. Patrick Beel as owner of a gift shop; I wondered why would we have \$3,700 to Mr. Beel and now up to \$6,400? That's the type of one I think I would like a breakout on. If I could have a breakout on Patrick Beel, 64, 51 and what we are purchasing from this gentleman. If it turns out that he's a contract employee for the government, it will show up as salary. But when I'm comparing '76 to '77 and I see that thing almost double, then I look in the Henderson Directory to try to find out what the fellow did and then I say, "Well, what would the government be doing with this fellow?" So, I raise that merely from trying to establish, when I read these Grey Books, if the government has embarked on a good policy, because I realize how busy the Auditor is, that he catches so many of these things but I'm sure that he would welcome the odd person now and again, bringing matter to his attention if it doesn't involve too much tying up of the government staff.

MR. CHAIRMAN: Page 164—pass; 165—pass; 166—pass; 167—pass; 168—pass Mr. Wilson.

MR. WILSON: I also wanted to put on the record for the benefit of the College of Physicians and Surgeons and others that under Brathwaite, it says 173,000. I had raised concerns about the emergency clause of the purchasing. Now it seems that most of these hospitals have purchasing agents and I would like to say that I would hope that the government would examine the emergency clause of that policy, because it has been suggested to me that many doctors just don't want to be involved with the red tape of the tendering system. We all know that and maybe they rightly should expect the very very best. But we have people who examine specifications and make that four or five of the leading people that supply a product are allowed the opportunity to be on this.

I raise this concern because of a nurse that resigned from Misericordia Hospital because of what she said was an inferior product that had been, through motherhood, had been automatically given to this particular hospital. It was an Abbott intravenous setup, and she felt that if it had been examined and tendered out, that a product that would not break and cause some concern to patients and what have you, would not have happened. So again, I don't want to waste the committee's time, but I want to put on the record that the Emergency Section of the purchasing policy of the former government, which we are dealing with, and part of ours, has got to be looked at, and I just want to put that on the record.

MR. CHAIRMAN: 168—pass; 169—pass — Mr. Wilson.

MR. WILSON: For the first time under Budget Rent-a-Car System, \$78,089.25, I couldn't see in any old Public Accounts books that I had where . . . I wondered, is this a new government policy to lease out vehicles rather than own them like the former government did, under what circumstances would we be . . . And these rent-a-car firms appear throughout the book here, it's always been suggested to me that there's a surplus in the government fleet. Do they not have a pooling system over at the government garage where there are surplus cars available on an emergency basis, or are individual Civil Servants entitled to rent U-Drives as a matter of course?

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Mr. Chairman, it's basically out-of-province travel, where it's someone who's away for a period of days and rents a car, and there is a credit card system where that facility is available to them.

MR. WILSON: I didn't want a breakout of that, I think I have an explanation for it, that's fine.

MR. CHAIRMAN: Page 169—pass; Page 170: 170—pass; 171: Page 171— pass; 172: 172—pass; 173: Page 173—pass; 174: Page 174—pass; 175 — Mr. Wilson.

R. WILSON: If you could back up to 174, I wonder if I could have a breakout of the amount of money that is purchased by the government for used furniture by the Department of Health. The item is Carter's Auction Rooms, but what I'm looking for is the fact that it's been suggested to me that so many of these welfare recipients load up an apartment with lumber and furniture and then they move and they don't take the furniture with them, and I'm seriously attempting to get the Minister to look at this policy with the idea that a welfare family is only entitled to one lot of furniture in an 18-month period. And the amount of people on social assistance that move is shocking, and the amount of money spent on used furniture by the voucher system and what they pay — the guidelines to what they pay — I talked about this before but I went to see Mr. Fairhead, who was then the head of Eatons. And I said to him, "You know, the government won't buy televisions for welfare recipients and it should be an educational thing for their children." I think in this modern society, the television is a necessity and the government wouldn't give the televisions to the people on social assistance and so I found out that all the department stores allow their used trade-ins and televisions away.

So I said, "Could we have these?", and I was then with the City, and they promised to give their appliances: fridges, stoves, televisions, at \$5 apiece, but we had to go and pick them up, because that is all they get from the furniture stores — used furniture stores. But our good friend, believe his name was Mr. Harland of the Winnipeg Hydro Appliance Store, felt that he didn't want a headache, so they had a study and they found out that to repair each one of these stoves that they took in, the average cost was \$60 so they felt that they were better to give the used furniture guy \$90 than to come in at what they said was an average cost of \$65.00.

I'm talking to Carter's Auction Rooms which is the policy of this government to have welfare recipients deal with appliances, and I'm simply putting on the record that I would like to see the day when televisions are also given on some . . . What I'm saying is that the corporate people in this city are willing to give these people these appliances, if the government takes it over, these things at no or very little cost. I'm simply saying it seems unbelievable that these large department stores give the used furniture stores these fridges for \$5, these televisions for \$5, and then the government goes out and pays \$92.50 for a fridge. I think that there's a saving to the taxpayers here and I also think it's time we looked at giving televisions to people on social assistance, because they all have children who we've got to get of that. We've got to break that cycle of third generation welfare and we can do it by showing them the world outside through the television media.

So I don't want a breakout of it but I just want to know if the computer will tell me how much the Department of Health pays for used — it's called Special Purchases or Special Appliances Purchases — in the year 1977-78. Is it possible?

MR. CRAIK: We probably don't have it. But we can see if we can break it out.

MR. WILSON: Well, if you can't, then you just advise me to approach the Minister of Health then.

MR. CRAIK: I think that's probably the best procedure, but we can see whether there's any way of breaking it down but it's doubtful.

MR. CHAIRMAN: Mr. Minaker.

MR. MINAKER: Are we on Page 175?

MR. CHAIRMAN: Page 174—pass; Page 175 — Mr. Minaker.

MR. MINAKER: Just a short question. Under, I guess it would be the fourth or fifth from the bottom on the right hand side of the page; there was two. . . Are those companies or individuals; W. J. Criphey Whipley or something like that? There's two of them there and then there's W. Senic, I guess, and the total of \$40,000 for one and \$35,000.00. Are those individual salaries or are they company salaries?

MR. CRAIK: We can get a detail on that for you.

MR. WILSON: Under Channel Area Loggers Limited, again, I'd like to ask the Minister; do we have to stick to the Book? What I'm saying: commenting on the \$304,000 loss or payment to this fund would the Minister indicate to me or can I suggest that the new deal with Abitibi Pulp and Paper is going to eliminate this loss figure altogether? I guess that's stretching it a little bit; I'll just let it then. I just wanted to make that comment that I think that now Channel Area Loggers: the year before they lost \$553,020; on 1977-78 they lost \$304,650.94, and I would welcome the members of the opposition asking us in next year's Public Accounts what the figure shows.

MR. CHAIRMAN: Mr. Parasiuk.

MR. PARASIUK: Yes, I'd like to invite the Member for Wolseley to attend Estimates next week and to ask some of these questions of the relevant ministers when the opportunity arises, and I'd like to invite the Member for Wolseley to attend the Economic Development Legislative Committee because the Chairman of Channel Area Loggers will be there, as he was this year a couple of years ago, and he answered all the questions that any members on both sides of the House put to him if they were interested enough to attend that meeting and get details about Channel Area Loggers.

MR. CHAIRMAN: Page 175—pass; Page 176 — Mr. Wilson.

MR. WILSON: Under the North Dakota City of Neche, the year before it was \$78,000, this year it's \$95,000; I understand this city in North Dakota supplies water to a Manitoba town or something. Is the town growing, or has the price of water gone up, or what is this item for?

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: I'll take it as notice, Mr. Chairman.

MR. CHAIRMAN: Page 176—pass; 177—pass; Page 178 — Mr. Wilson.

MR. WILSON: Mr. Chairman, again, being somewhat of a consumer advocate and someone interested in the health of the Civil Servants and the MLAs, I noticed that on the Cory Coffee Service Plan, that it's now \$3,900.00. And again — last year I raised this — at what point in time are we going to have these coffee machines removed, and allow the people to drink mineral water or to go down to the cafeteria and support and help make that operation a viable operation? I just want to put that on the record. I don't like cigarette vending machines in the building.

and I don't like Cory Coffee Machines or any other coffee machine that is paid for by the taxpayers. don't mind if the Civil Servants pay for the coffee and the MLAs pay for the coffee. —(Interjection)— and the coffee that I brought in here this evening is out of the caucus room and it's paid for by ourselves, so I can speak from some one who does not drink out of the taxpayers' trough — or would I say coffee pot. —(Interjection)—

R. CHAIRMAN: 178—pass. Mr. Craik.

R. CRAIK: You should note, Mr. Chairman, on 178, that one of those infamous C.A. firms that going to do an external audit is listed as drawing, on Page 178, in the year 1977-78. Just as matter of note.

R. CHAIRMAN: Mr. Wilson.

R. WILSON: Is the Minister talking about Coopers and Lybrand, or one of the others?

R. CRAIK: Yes, that's the one I noticed.

R. WILSON: I see, all right.

R. CHAIRMAN: Page 179: 179—pass; Page 180: 180—pass; 181: 181—pass; Page 182 — Mr. lson.

R. WILSON: Would the Minister be able to tell me, what would we be buying from Dennison nes Limited, \$130,302.00?

R. PARASIUK: Uranium.

R. WILSON: The Member for Transcona says we were buying uranium, but I Interjection)—

R. CHAIRMAN: Mr. Craik.

R. CRAIK: We'll have to look that up, Mr. Chairman, if the member would like detail of it.

R. CHAIRMAN: 182—pass; Page 183: 183—pass; 184 — Mr. Wilson.

R. WILSON: 183. All right, because it could be hospitals or something, I'll pass. Go ahead.

R. CHAIRMAN: 183—pass; 184: 184—pass; 185: 185—pass; 186 — Mr. Wilson.

R. WILSON: Under the Eddystone Fisheries Co-operative, I notice the year before we gave them ,000, and this year there's \$47,049, and I wondered where I might go — my question is addressed he Minister — where I might go to find out how this extremely worthwhile enterprise is coming ig, and at what point in time will it . . . What I am saying is, I understand it's been tied up the Freshwater Fish Marketing Board. It's a firm that deals in appetizers and deals in a way preparing mullet and carp, which are a waste fish — or rough fish, they call them. I think it's most excellent industry that has a potential in this province, and I would like our government peak now to the new federal government about — maybe Mr. Moss has got a change of attitude, giving some assistance to get this industry moving, because I think it has a fantastic potential the Japanese market. And we would be able to treat our rough fish. And the horizon is so ht in this area, that I just really don't know what I can do as a backbencher to say to the Treasury ch, "Here is a winner, and speak to the new federal government, and let's get this industry ing in Manitoba."

CHAIRMAN: Mr. Parasiuk.

PARASIUK: Yes, again, I'd like to invite the Member for Wolseley to sit in on the Estimates ess for the Department of Resources, . because we were raising the whole question of the ntial of the rough fish industry in Manitoba and the Minister at that time indicated that in theory ounded good, but there were some difficulties in pursuing this in practice and I agree with the member is saying and I think that there is potential for the rough fish industry. I don't

know if the Auditor will have that much influence in promoting this and that's why I would suggest that possibly he could raise some of these items in the Estimates process and get it through the Minister responsible in that way.

MR. CHAIRMAN: 186—pass; 187—pass; 188—pass; 189—pass; Page 190—pass — Mr. Wilson.

MR. WILSON: Under Flyer Industries Limited, 1.7 million, would it be proper for me to ask what we are giving them in the coming audit or could I maybe write to the Auditor about that? What could I write to, to find out what type of subsidy we are giving Flyer Industries or maybe we not giving them anything this year. Could the Minister advise me of that?

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: We'll get a breakout of that, Mr. Chairman.

MR. WILSON: I didn't want to go to all the trouble of putting the staff to the breakout. What I wanted to know, is, it tells me here that . . .

MR. CRAIK: No, Mr. Chairman, it could be investments taken in and held and then the money paid back and a back and forth type of arrangement, or it could be actually advances to them. So, it's difficult to tell to look at it but it could be a number of categories so . . .

MR. WILSON: Well, then rather than put your staff to work, Mr. Chairman, I'll write a letter directly to the president or somebody else that's directly involved.

MR. CRAIK: Well, it's probably the easiest place to get it if you want to so you can see that categories that it breaks down into.

MR. CHAIRMAN: Page 190—pass; 191—pass; 192—pass; — 193—pass; 194 Mr. Wilson.

MR. WILSON: I'd like a breakout of this God's Lake Narrow Lodge. I'm one particular MLA who has a boss who hasn't even sent me to The Pas and I wondered how the government would fit to spend \$21,655.56 to go up to this fishing lodge. I wondered if I could have a breakout . . .

MR. CRAIK: Which item?

MR. WILSON: God's Lake Lodge — \$21,655.56. I think if you gave me a breakout, I'd be able to understand why it is necessary for government employees to go there. Maybe somebody in the Department of Fisheries might have to go up there for some reason or other and I'd like a breakout of it just to satisfy myself that . . .

MR. CHAIRMAN: Page 194—pass; 195—pass; 196—pass; 197 — Mr. Wilson.

MR. WILSON: I wondered if the computer could tell me how much we paid architects in the 1977-78? Because in the number of the committees I've attended, the Member for Elmwood has been lobbying very strenuously for the architectural community and I'd like to know if I could get a breakout during this, so I can compare it to the coming year as to how much . . . Is it correct? —(Interjection)—

MR. CRAIK: With a name and amount, and that sort of thing?

MR. WILSON: That's all I need.

MR. CRAIK: So, we can get you a breakout of architects' fees by appropriation so that's . . .

MR. WILSON: Yes, Mr. Chairman, I do not . . .

MR. CRAIK: . . . total for the year.

R. WILSON: Yes, I do not want to know the firms that we did business with. I think that would be unfair. I just want to know how much the government has spent on architectural fees because there has been suggested to me that many architectural firms are amalgamating together, because of the lack of government work and that type of thing and I think if I got this bonanza that they had under 1977-78, I would then be able to compare it with the money that — when I raise the question maybe next year if I'm on this Committee — would be able to give me a comparison of what we've done in 1979-80 or what have you.

CHAIRMAN: Page 197—pass; 198—pass; 199— pass; Page 200—pass; Page 201—pass; Page 202—pass; Page 203—pass; Page 204—pass; Page 205 — Mr. Wilson.

I. WILSON: Is this a typing error. It says the Juno Canada Winter Games Winnipeg. I believe that these games were in Brandon. Is this misleading or was their headquarters here in Winnipeg? It says the government paid out \$350,000.00.

I. CRAIK: Oh yes, I guess that's where the cheque was mailed to was in Winnipeg, so that's why it's called "Winnipeg".

I. WILSON: All right.

CHAIRMAN: Page 205—pass; Page 206 — Mr. Wilson.

I. WILSON: I wonder if I could have a breakout? Is this man Mr. Jones or T.E. Jones and H. Jones, \$46,169.67; I believe there is a couple of private individuals who supply gasoline to all the boaters and what have you and I've been urging the Minister of Tourism to have power and that I've applied to Hecla so that the boating community could create a Marina there which would be a tourist attraction because you get these large expensive sailboats in there. I wonder if a breakout here would indicate that the government is . . . What I'm saying is what would this be for? Because maybe it's for gasoline or supplies or something.

I. CRAIK: We can find it out, Mr. Chairman. It appears that it might be a land purchase.

I. WILSON: All right, thank you,

CHAIRMAN: Page 206—pass; Page 207—pass; Page 208—pass; Page 209—pass; Page 210—pass; Page 211 — Mr. Wilson.

I. WILSON: I wonder if under this section Lambair here, would you have a coding for the patient cost to the taxpayers? Would this be coded or would I write to the Minister of Health? One of the concerns that I have is, that most of these small airlines land in St. Andrews Airport and most of the occupants of my Halfway houses in Wolseley take a taxi from St. Andrews at a cost of \$10 or \$12 to come into Dominion Street and what have you from St. Andrews. I may be looking for some means to try to save the taxpayers money from looking at the cost of patient air coming from St. Andrews and the further cost of the taxis. It might be if the cost is very large that it might be worth it to have a minimum wage man on staff to drive them in a van or something. It seems to me that the cost from just looking at Wolseley alone of the Halfway houses that I'm familiar with is just shocking. Is this not broken out or would I be better to write the Minister of Health?

I. CRAIK: Apparently, Mr. Chairman, there is a breakout in the Department of Health and Community Services of the Air Transport Services, as an item, so it could be obtained from that department directly; if you want to get the total picture, you can get it from them whereas this only give you one item. As a matter of fact, Mr. Chairman, while we're on that, it's Patient Air Transportation on page 211 of the Main Book.

CHAIRMAN: Page 211—pass; Page 212 — Mr. Wilson.

I. WILSON: I want to note with interest on Page 212, to back up my theory, it says: the Law Society of Manitoba \$287,732.00. It's been explained to me that it's for Education, and the other day in the newspaper I believe it was one of the Chief Justice's remarked that the Faculty of Law is underfunded, and I wonder if he knows about this extra slush fund that appears in the cash

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payments, because maybe the story isn't accurate. I just wanted to make a comment that it appear as a cash payment, a grant on Page 212 to the Law Society for the \$287,000.00. It's not necessary for a breakout; I know what it is.

MR. CRAIK: Yes, you know; okay. Comment noted.

MR. CHAIRMAN: Page 212—pass; Page 213—pass; Page 214—pass; Page 215—pass — Minaker.

MR. MINAKER: I move we approve the remainder of the Report to Page 272.

MR. CHAIRMAN: Remainder of the supplement—pass. Any further business before the Public Accounts Committee? There being none, Committee rise.