

**LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC ACCOUNTS
Friday, 27 February, 1981**

Time — 2:00 p.m.

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

AUDITOR'S REPORT

MR. CHAIRMAN: We have a quorum, gentlemen. The Committee will come to order. I direct the attention of members to the Provincial Auditor's Report, Page 33. When we recessed for lunch I believe Mr. Parasiuk had the floor. Are there any other questions or discussion on Page 33? 33 — pass; Page 34 — Mr. Miller.

MR. SAUL A. MILLER (Seven Oaks): Mr. Chairman, the only question is with regard to these full-time geographic or geographic full-time employees at the hospitals. I assume from the report that the Auditor wants to look into this but are you satisfied as to the system that they are operating or are you still going to continue to try to rationalize what has been occurring?

MR. CHAIRMAN: Mr. Ziprick.

MR. W.E. ZIPRICK: Mr. Chairman, I had a meeting recently with the Dean of the Medical College and with the President and Vice-President from the Health Sciences Centre. They've done substantial work in this area. They've now drawn up and established a new agreement between the Health Sciences Centre and the University of Manitoba which provides for a board of six members to administer this area, being the Dean of the Medical College, the President of the Health Sciences Centre and two members from each board.

The agreement lays out the guidelines as to how this thing is to be operated. They are now in the process of evaluating and determining just what kind of services are being provided and they are determining the kind of overhead sharing arrangements that should be considered and that's still under negotiation. When it's finalized, from what I can see this is going to be run as a joint operation between the university and the hospital, fully controlled through the respective boards, through this subsidiary board appointed by both bodies.

At the St. Boniface Hospital, they are not as far advanced. I think they'll be following the same pattern but there is no agreement as yet. So on the basis of what we see now, it's developing in a good manner, particularly this board, and now the question arises, of course, there's the negotiations for this overhead cost and how that will be established.

MR. MILLER: Are you concerned with the possibility because of the structure, that there was double billing only to the Commission or a duplication of payment for the same services? Is that one of your concerns?

MR. ZIPRICK: That's right. The fees that are being charged by the doctors who are these full-time

geographic members, are the same fees as the practitioners who operate their own clinics.

Then the contributions to the hospital as I indicated here were inconsistent. There was 25 percent agreed from one group and there's nothing from another group and there's a different pattern in the St. Boniface. So there's inconsistency and the question arises, how much should there be. Now when we brought this up there was a point made that the hospitals are supposed to provide practicing services but they were saying they don't provide all the services. In some instances they have to hire some of their own so that has to be paid for all under the terms of the agreement. They are not permitted to run their own practice. They practise from the hospital and under the terms of the old agreement the hospital was to provide the services to practise. So the agreement when it was drawn up some years ago was appropriate but the way the operations were going were not being followed in accordance with the agreement.

Now there has been a review and the agreement, as I mentioned with the Health Sciences Centre and the universities, have been revised and there's this new basis. Now when they negotiate and establish what's reasonable to turn over to the hospital from these fees that they collect from the Health Sciences Centre as being overhead costs and approved by the specific boards, then it'll be established in accordance with a system laid on, approved by the boards.

MR. CHAIRMAN: Mr. Miller, Mr. Parasiuk.

MR. WILSON PARASIUK (Transcona): Mr. Ziprick, further down the page, on Page 34 you talk about improving accountability for grants to hospitals. What caused you to raise this in the Auditor's Report?

MR. ZIPRICK: The Health Services Commission has the responsibility of monitoring the hospital costs. We have done a review and found that they were relying in some instances on audited financial statements, that the auditors that are testing to the financial statements would be doing. It's not in many instances a normal practice for the auditor to be doing some of that and there seemed to be loopholes that had to be covered off. So the whole process is being reviewed now with the idea of establishing a good tie-up from the various areas and also reviewing the hospital administration area, for instance in hospitals there may be a need for establishing some internal audit work that would improve the control systems and these areas.

MR. PARASIUK: Is this being done in order to improve the value for money that's obtained by the Manitoba Health Services Commission for the grants that they give to the hospitals, or is this being done to just sort of improve the control procedures?

MR. ZIPRICK: It's to improve their costing control procedures and by improving the costing control procedures your good possibility is that you'll get

better value for money because you'll have a more effective cost control system but basically it's the cost control system and reviewing it and improving it so that its working effectively and there is a good effective reporting mechanism.

MR. PARASIUK: Well you say that you want to improve the system for hospitals, and I appreciate your concern in wanting to do that and I don't want to ride this horse to death, but before lunch you said that at present you were generally satisfied with the procedures whereby the Manitoba Health Services Commission in dealing with private corporations who provide extended care and hospitals provide acute care, but both provide health care on the panelling and on the referral of doctors, that one is sufficient in one case and something even more detailed than that isn't sufficient in the case of hospitals. I think you should improve the accountability in hospitals and I hope that you would use the same approach in looking up the other major area of health care, namely personal care homes.

MR. ZIPRICK: I think that when you're stating that I'm satisfied with the controls in the personal care homes, that's not what I said. As a matter of fact if I was satisfied I wouldn't be reporting it in this report, so we're not satisfied. We've been working on this for some period of time and the Health Services Commission has been working on it and it's reported to the government and the government is now considering it and hopefully we will get a system that will bring about a reasonable control for that also.

MR. CHAIRMAN: Any further questions on Page 34? 34 — pass; Page 35 — Mr. Miller.

MR. MILLER: Mr. Chairman, with regard to The Housing Renewal Corporation, Mr. Ziprick you indicate that you had recommended that an Audit Committee be made up of members of the Board, that it had not been acted upon. When you say members of the Board, you mean the appointed citizen members who serve on the Board of Directors? That an Audit Committee made up of citizen members should be created? Is that the kind of board that you envisage?

MR. ZIPRICK: That's right, Mr. Miller.

MR. MILLER: For the purpose to oversee the old Comptroller audits the system of the corporation? Is that it, Mr. Ziprick? Tight now the manager does it, I assume.

MR. ZIPRICK: The Audit Committee System has been found useful in corporate management. Generally, I have not been taking too firm a stand with the Crown Corporations on this area but as you will recollect, in this corporation we've had so many problems over the years that we felt that by creating this small committee of the Board we could probably get a better liaison and through that maybe it would be more successful in bringing some of this about.

I must say that there is again some good positive signs. The new General Manager is working quite hard on this and we hope that we'll be able to resolve some of these problems in due course.

MR. CHAIRMAN: Any further questions on Page 35? Page 35 — pass; Page 36; 36 — pass; Page 37 — Mr. Parasiuk.

MR. PARASIUK: What I want to raise is the contract with Interdiscom Systems Ltd., which is mentioned on both 37 and 38. It runs off into both pages, so would it be appropriate for me to just talk about that topic right now?

MR. CHAIRMAN: Yes, proceed.

MR. PARASIUK: Because the specific line I refer to is on Page 38, and I quote the last line of the report on the contract with Interdiscom Systems Ltd., says, "The beneficial owners of the company are not known. This matter is being pursued further". This is an auditor's annual statement for the year ending March 31, 1980. At this particular stage, are the beneficial owners of Interdiscom known?

MR. ZIPRICK: Yes, I've been advised who they are, yes.

MR. PARASIUK: You are satisfied in terms of that knowledge, in terms of any kind of relationship with the Manitoba Telephone System.

MR. ZIPRICK: We are carrying on further checks to satisfy ourselves, but now I know who the beneficial owners are.

MR. PARASIUK: Specifically, are you in a position to say that this is an arm's length corporation from staff in the Manitoba Telephone System?

MR. ZIPRICK: It's arm's length from staff of the Manitoba Telephone System.

MR. CHAIRMAN: Are there any further questions on Page 37? Page 37 — pass; Page 38, Page 38 — pass; Page 39 — Mr. Uskiw.

MR. SAMUEL USKIW: Yes, on Page 38, Mr. Chairman, I want to deal with Page 37, well it finishes on 38, or did you deal with it?

MR. PARASIUK: No, I just raised one point about the beneficial owners and he said that it's not an arm's length.

MR. USKIW: Perhaps it's a redundancy then if it has been explained and I can get the information from my colleagues; but what I did want to know was, why it was considered to be a prudent agreement or a prudent approach to this project, tying in with a company that it was known at the time, had very limited financial resources. Why would the telephone system undertake such a risk? There must have been some logic to that, whatever it was. Then compounding that was the fact that they didn't know who the owners of the company were and that is bothersome to me; knowing the risk and not knowing who you are dealing with sort of compounds it, in my mind anyway and perhaps there's some explanation for why that occurred.

MR. ZIPRICK: This is the kind of thing that concerned me. I've indicated that I've since been told who the owners are and that the registered owners are not employees of the Manitoba Telephone System. As far as the other reasons we've been given explanations, but these are fairly technical reasons so I think that probably they'd be

better to obtain from the management of the Telephone System when they appear before the committee rather than from me because I can only relate what we were told and any sort of further questions or explanations, you would have to get from them anyway.

MR. USKIW: Let me then pursue the obvious question, Mr. Chairman, and that is, Mr. Ziprick, in your mind are you satisfied on your findings that all is in order as it should be or do you continue to question this kind of arrangement?

MR. ZIPRICK: There was some concern about the legal position and I indicated the Attorney-Generals have established the legal position, although they cannot make advances or loans in a general way but in this limited way it is quite legal. The whole viability situation is still a concern and I'm following it up but I have no evidence of any wrong-doing.

MR. USKIW: No, I don't think I want to even pursue evidence of wrong-doing, Mr. Chairman, I just want to pursue the point of whether you have, after having had the explanations, still continuing concern over the MTS entering into such a loose arrangement. You wouldn't recommend that this kind of arrangement be done, or carried out, or repeated after having heard the explanations.

MR. ZIPRICK: You see, the arrangement was entered into under the tender basis with very little protection. Now the reason, as I indicated, it was entered because of the capabilities but I have no way of evaluating the capabilities but there certainly is a risk in places, public funds in jeopardy, but hindsight of course is always much better than before, so I don't know, I have concerns about an arrangement like this.

MR. USKIW: Do you know what the value of the lowest tender was? Have you that information? Your statement says here that this was not the lowest tender but for technical reasons they opted for this company.

MR. ZIPRICK: We do have the particulars, I don't have them here with me.

MR. USKIW: Well all right, I wouldn't want to put you on the spot precisely, but was there much variation between this tender and the lowest tender?

MR. ZIPRICK: I'm going by recollection, there was variation but it was not a very fantastic variation.

MR. USKIW: Now subsequently according to your own statement here, the MTS amended the agreement by adding \$360,000 and then \$64,000 and then \$300,000 additional as well as another \$156,000 to the total package which adds up to \$1.599 million, yes \$1.599 million. Are you satisfied that those additional advances or amendments which involve a substantial increase in funding, are you satisfied that was the prudent course of action once the determination was made, that the company was in trouble?

MR. ZIPRICK: It was a board decision and we had assessed it. Now I am really not in a position to

express very much prudence on this kind of an operation because it's highly technical and to do it would require hiring experts in that area and getting an independent evaluation, and I didn't do that.

MR. USKIW: Perhaps I can ask the Minister, Mr. Chairman. My impression and the little knowledge I have of this project leads me to believe that there may be good logic in not only going through with this project but perhaps assisting in restructuring the company if you like, or refinancing, in that there is very significant potential here which might be beneficial to the Province of Manitoba in the long term if there was enough capital to do the job; I don't know whether Cabinet or government has looked at it from that point of view.

From my discussions with people in the private sector, they seem to think that there's a good technological opportunity here for Manitoba that is being bypassed by what, in some people's minds is a chintzy approach on the part of government, in adequately funding this kind of program. Perhaps the Minister has some comment on that. I'm not on either side of that question, I'm merely seeking information.

MR. CHAIRMAN: Mr. Ransom.

HON. BRIAN RANSOM (Souris-Killarney): Those questions are being rather intensively reviewed at the moment.

MR. USKIW: Your suggestion then, Mr. Minister, is that we pursue this with the MTS when we meet in committee. Yes, okay.

MR. RANSOM: As a matter of policy yes, and some of those questions might be resolved by then depending upon how quickly we get to the review.

MR. CHAIRMAN: Any further questions on Page 38? Page 39 — pass; Page 40 — pass; Page 41 — Mr. Miller.

MR. MILLER: Just a question with regard to the vacant position. Do you still have vacancies on your staff, from your staff?

MR. ZIPRICK: Yes, there are still a number of vacancies but I think most of these that were vacant at that time have been filled but there's now some more vacancies so it's sort of an ongoing thing.

MR. MILLER: So there has been a turnover in staff rather than unfilled old positions — it's just simply a turnover in staff that occurs through no fault of anyone.

MR. ZIPRICK: That's right.

MR. MILLER: Okay.

MR. CHAIRMAN: Any further questions on Page 41? 41 — pass; Page 42 — pass; Page 43 — pass; Page 44 — pass; Page 45 — pass; Page 46 — pass; Page 47 — pass; Page 48 — pass; Page 49 — pass; Page 50 — pass; Page 51 — pass; 52 — Mr. Uskiw.

MR. USKIW: Mr. Chairman, before we pass these items, would the Provincial Auditor be prepared to

comment on the reasons for much greater equalization revenues to the Province of Manitoba, which had the effect of reducing the projected deficits? What is the economic logic to increased equalization revenues?

MR. ZIPRICK: Mr. Chairman, when we get to the next book, there's a section in there that deals with some explanation to it; I think using that as a base, we'd get a better explanation.

MR. CHAIRMAN: (Pages 51 to 64 were each read and passed.)

That completes the examination of the report of the Provincial Auditor.

We proceed now to Volume I of the Public Accounts. We proceed page by page in the same manner.

(Pages 1 to 1-6 were each read and passed.)

1-7 — Mr. Uskiw

MR. USKIW: My main interest is really on that one question and I would like an opinion on just how the Provincial Auditor views that question. I'm trying to find it here and I'm not sure that I can. — (Interjection)— What is it? Oh, it's away at the back. Okay.

MR. CHAIRMAN: (Pages 1-6 to 1-12 were read and passed.) Section 2. (Pages 2-1 to 2-12 were read and passed.) Page 2-13 pass — Mr. Miller.

MR. MILLER: . . . Manitoba Savings Bonds matured, but not presented for payment, does the department attempt to contact these people, or do they just wait for the bonds to be presented for payment?

MR. CURTIS: Mr. Chairman, we do make an effort to locate the individuals whose bonds have matured, and in many cases we have great difficulty in finding forwarding addresses; they just moved out some years back. We do make an effort to find them.

MR. MILLER: . . . assuming that somebody may have died and the Estate wasn't even aware they had these bonds?

MR. CURTIS: That's correct. These do come up from time to time. We've had them as old as ten years past maturity date where we have finally found the people. All of our bonds are registered, so they sit there until we either find them or they're so old that there's no hope.

MR. MILLER: What eventually happens to the funds? Do they remain with the department or is it turned over to a Public Trustee, or what?

MR. CURTIS: It sits within the department. It can under our legislation go into consolidated revenue after a certain number of years.

MR. CHAIRMAN: Do you wish to add to that, Mr. Miller?

(Pages 2-13 to 2-18 were read and passed). Section 3. (Pages 3-1 to 3-4 were read and passed.) 3-5 — Mr. Uskiw.

MR. USKIW: I'm not sure where the Auditor would like to make a comment, but I'm going to ask the

question at this point; and that is, whether or not the Provincial Auditor has a role to play with respect to his observations on whether or not loans that are maturing, say, this year or next year or the year after, but are foreign currency loans, whether they ought to be rolled over, or whether they ought to be paid off, if there is a negative position for the province in paying them out. Is that a role that you would play in giving an opinion here, or is that beyond your scope?

MR. ZIPRICK: No, I don't have any expertise in financing, so the Department of Finance, as a matter of government policy determines what is the most appropriate procedure and that's taken and we audit on the basis of the policy that was approved.

MR. USKIW: In your experience though in auditing over the years, can you cite examples or can you recollect instances where either decision may have been the right decision for the time at the time that it was made? Would you have recollection of that? There's argument for rolling over and argument for not, for example. Swiss francs, for example. Have you had the experience in retrospect of saying we should have done it the other way and come out X-millions of dollars ahead, or vice versa?

MR. ZIPRICK: In this area, if you pass judgment it would just be like after the cards were played you could put the bets different.

MR. USKIW: I appreciate that. No, I know, but what I'm getting at, Mr. Chairman, is I'm trying to establish the sort of law of averages here on either side of the coin. We have probably had decisions made to retire loans as they came due, or to refinance them, hoping to get a better exchange situation at a later date, or whatever. Surely this has come across your desk and you probably noticed from time to time whether that decision proved to be right or wrong; I'm just sort of looking for a law of average answer.

MR. ZIPRICK: Of course it depends on what the market does. Generally if they are into a certain market and unless there is a good advantage then they just remain in the same market and so you have had no gain or loss, you might have more or less bonds but you've had no gain or loss and you've got the same money so you can wait it out and as a general policy an attempt is made to wait it out. But when there are difficulties and the advice that Mr. Curtis and the Minister of Finance gets from the brokers, they are strongly advising to get out because you are going to get even in a worse position, then they proceed, and I have no way of saying whether the brokers were right or not.

Now after the fact it's happened, obviously sometimes it's good and other times it's bad but you can't do much about it then.

MR. USKIW: I guess what I'm really wanting to know is whether or not there has ever been a time when the government did not take the advice of the department and therefore it resulted in a negative position for the Province of Manitoba, or otherwise, or positive. Are you aware of instances historically where the broker's advice was not acceptable to the

Department of Finance or were the Finance Department's recommendations overruled by the Minister or Cabinet and where decisions were made that resulted in either a benefit to the province or a liability, if you like?

MR. ZIPRICK: A substantial amount of this kind of an operation is not documented so that it's audible. These are decisions that are made fairly quickly and on the advice of the broker. The Minister of Finance ultimately has to take responsibility for whatever has been decided — and Mr. Miller here has been Minister of Finance also — generally, I think they rely very heavy on the advice of the experts. Mr. Curtis could probably give you a better view as to just how the system works as far as brokers advising because they will get conflicting advice from brokers, then it's a judgmental as to what to do. You might go to a third broker and at some point or other you have to make the decision and the Auditor would play a very difficult role in second guessing in this area.

MR. USKIW: Could be the expert after the fact. Perhaps I could put the question then to the Department of Finance; whether they can tell me whether or not there has ever been a situation where Cabinets have overruled recommendation of the bureaucrats, so to speak, in the department or the brokerage houses, and what the results have been of that kind of action? Is there anything in the historical sense that would indicate that that has occurred?

MR. CHAIRMAN: Mr. Ransom.

MR. RANSOM: Well certainly not in our period of government and I expect Mr. Miller can answer for his period of government.

MR. USKIW: I'll try and get Mr. Curtis to challenge Mr. Miller now . . . not getting very far over here. It's not known to have occurred that way? Okay. That's fine, that's what I expected. I then would make the observation, Mr. Chairman, that I often wonder what the fuss is all about at the political level, after a decision turns out to be bad the politician has to bear the brunt even though he's operating on the advice of the best expertise at the time.

MR. RANSOM: There may have been some policy decisions made within which the advice is given and the policy could be questioned.

MR. USKIW: The advisability of borrowing European currencies or Swiss francs or whatever, that's usually based on fairly good information from your brokerage houses and indeed from the departmental people. I don't believe that I can recall of a time when that was not the case. I believe most governments have to follow that pattern, for obvious reasons, and that is that political people are not the experts in this field either. They have to rely on their expertise.

MR. CHAIRMAN: Mr. Ziprick.

MR. ZIPRICK: I could just say here that the area that we do sort of overview to some degree is that if we suspected or saw any evidence of speculation, then we would certainly become very concerned. But I can assure you I haven't seen that.

MR. USKIW: Okay.

MR. CHAIRMAN: (Pages 3-5 to 3-17 were read and passed). Section 4. (Pages 4-1 to 4-13 were read and passed.) 4-14 — Mr. Uskiw.

MR. USKIW: Yes, that's the point where I want to raise the question of national equalization. Is it virtually certain that we underestimate the equalization payments most of the time or all of the time, or is this a bit of an anomaly or aberration, this vast difference in equalization payments in this period of time?

MR. ZIPRICK: I can comment from my knowledge and perspective, Mr. Curtis can add even much more enlightenment than I can on this, but generally this is a difficult area because it's a fairly complex formula that takes in revenue coming in from across the country so there has to be a lot of unknown factors taken into account on an estimated basis, and so when it's arrived at if conditions are relatively stable, I would say that you'd generally be pretty close but with substantial fluctuations these kind of variations can occur and they have occurred in both directions. That's been our experience. The information that Canada provides here, Manitoba builds their estimates on that basis. We check, walked through to make sure that there is no mistake in building up the estimate and agree on it. Now, when the actual starts coming in we also check the information and it can vary quite significantly. Now, whether Ottawa could do a better job of some of these Estimates, of course we don't check their system, but I doubt it. It is a difficult area.

MR. USKIW: Well, I would assume then it's correct to assume that when you have a significant increase in equalization payments to the province that what you are experiencing is a downturn in your economy while other economies have an upswing, or, you have a greater upswing in the rest of the economy compared to your own, and therefore, your entitlements are greater for that reason — or a combination of those factors. So that in essence for this fiscal year Manitoba's increase in equalization payments would logically fall in the category of either a downturn or a combination of downturn and perhaps acceleration of economic activity elsewhere at the same time.

MR. RANSOM: I'm just going to point out that these shifts can go back as far as two years as well, so that one doesn't want to assume that they relate to the year that they appear in.

MR. USKIW: Well, this particular item reflects, what I understand to be the fiscal year in question, does it not? It's a combination of more than the one year? This is sort of a catch up position.

MR. CURTIS: Normally the figure that you'd see here would be an amalgam of the prior two years and the current year.

MR. USKIW: And the current year. I see, I see.

MR. RANSOM: I understand that could go back to 1977-78. It's a bad year that '77.

MR. USKIW: It was, yes, I agree. Does the department do an analysis . . . in order to determine the cause for economic downturn, whether it's their economic downturn or growth faster in the rest of Canada that results in this. Do they analyze the results?

MR. RANSOM: Mr. Curtis could respond to that directly.

MR. CURTIS: It is a bit of a problem to us because you're talking about all of the provinces.

MR. USKIW: That's right.

MR. CURTIS: And something like 23 or 26 different components of revenues. (Interjection)

MR. CURTIS: 29 — that many? But also including a portion of Natural Resources but not all, it's again a different ratio; it is hard for us to establish, taking all the provinces and all those different parts, the applied effect on our revenue, so we have to, to a large extent, rely on the federal calculations.

MR. USKIW: Do they not give an explanation as to why there is a massive fluctuation, if it is indeed large or sort of abnormal?

MR. CURTIS: Sorry, Mr. Chairman, not a very helpful analysis.

MR. USKIW: Cause and effect is very difficult to establish.

MR. CURTIS: Very difficult to establish.

MR. USKIW: Politicians have an easier time establishing . . .

MR. MILLER: There was one explanation given in '77, Mr. Curtis, you might recall, where they claimed or admitted to an error in their calculation and they dropped it by something like \$50 million. That was in '77.

MR. CHAIRMAN: Any further questions on 4-14? (Pages 4-14 to 4-55 were read and passed.) 4-56 — Mr. Miller.

MR. MILLER: I'm just curious about the Unsatisfied Judgment Fund (Statutory). That is still in existence, Mr. Ziprick, this goes back to, prior to . . . this must be old money that is sitting around there.

MR. ZIPRICK: Yes, that's still old money sitting around. There's still some claims outstanding and there's still some recoveries of claims.

MR. MILLER: There is still need for an amount to be sitting in there, I mean, what you're saying is there are some claims still outstanding and therefore they should not simply be written off or transferred to Consolidated Fund? In your opinion it should remain on the books . . . ?

MR. ZIPRICK: Until all the legal obligations have been met that has to remain; we can check to see what position it's getting to but from what I recollect there's still some adjustments going through; people getting some relief and various kinds of adjustments.

MR. MILLER: All right, I'm just wondering because it's a number of years ago that this type of fund was set up prior to Autopac and now that we've no need for it . . . so I'm surprised that it's taken so long to complete the claims if they're still there. But if they're still active then that answers my question.

MR. ZIPRICK: Mr. Chairman, we'll make note of it and take a look and we'll have some information next year on it.

MR. MILLER: I won't be here.

MR. CHAIRMAN: Members advise me in the next page that you have questions? 4-56 — pass. Any further questions on Section 4 — goes up to 4-163. If not, Pages 4-51 to 4-63 inclusive.

Mr. Parasiuk.

MR. PARASIUK: Which book is this again, Volume 2 or Volume 1?

MR. CHAIRMAN: Volume 1 of the Public Accounts. Pages 4-57 to 4-163 inclusive — pass. Section 5, which is 5-3 to 5-23 — pass. Section 6. Any questions on Pages 6-3 to 6-10? If not Pages 6-3 to 6-10 inclusive — pass. That completes Volume 1 of the Public Accounts. We move now to Volume 2, Supplementary Information — page by page? 1 — pass; 2 — pass.

MR. USKIW: Mr. Chairman, I suggest that we go to Page 63, approve everything on Page 63 and then go through the items from there page by page. We're not going to question salaries.

MR. CHAIRMAN: Any members wish to raise questions, discuss anything prior to Page 63? If not, Pages 1 to 62 inclusive — pass; Page 63.

Mr. Uskiw.

MR. USKIW: Does anyone have any information about a \$65,000 grocery bill at The Pas? What is that for? What are we doing up there? It's the third item.

A MEMBER: A. and B. Grocery.

MR. USKIW: A. and B. Grocery at The Pas, \$65,000.

MR. CHAIRMAN: Mr. Curtis.

MR. CURTIS: Mr. Chairman, I would suspect without looking in the detail that most or all of it would be for Social Services, Social Allowance in The Pas. We'd have to pull the vouchers to confirm that.

MR. CHAIRMAN: Would you like a breakdown on that?

MR. USKIW: Well, maybe I should pursue the question and we might get through it faster that way. What is the policy with respect to purchasing that kind of service in any area of the province? Does all of the business go to one store? Is it by tender? Or are staff told to allocate — how does the province apply fairness as between businessmen in every community where social services are provided and paid for by the province?

MR. CURTIS: Mr. Chairman, my understanding is that in all cases recipients of this sort of support are provided with vouchers and they have the option of making their purchase at the stores that they choose and select.

MR. USKIW: This is an accumulation then of voluntary action on the part of the recipient as opposed to a decision made by anyone on staff?

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

MR. USKIW: Okay that's fine. That's okay.
The next one I have to question is the A.A.F Ltd., Montreal. What are we doing in Montreal, Mr. Chairman? Does anyone know what that is?

MR. CURTIS: Mr. Chairman, we'd have to research that one by drawing the vouchers. I'm not familiar with the firm.

MR. CHAIRMAN: Mr. Ransom.

MR. RANSOM: Perhaps, Mr. Chairman, if members could identify those items that they're interested in, unless someone is able to respond immediately which is unlikely in most of the cases, we would try and do a quick determination before Tuesday morning, assuming we're not going to — (Interjection)— If it's detailed answers then we'll provide detailed answers as we have before. If we haven't progressed that far then we would try and give you a general answer to that quickly.

MR. USKIW: That's satisfactory.

MR. CHAIRMAN: Anything else on Page 63?

MR. MILLER: Abitibi Paper; would that be for the purchase of materials or what would be the nature of that transaction?

MR. RANSOM: I believe that that would be the Reforestation Fund, that on the management area the company has the responsibility for reforestation and some of the stumpage fees come back out of the fund on performance of reforestation.

MR. MILLER: This is the money paid by the Manitoba government to Abitibi for reforestation?

MR. RANSOM: I expect that's what that is.

MR. MILLER: It's not a purchase of some — (Interjection)— all right we'll get the answer.

MR. USKIW: A. Brunet Ltd., Morris, \$400,000; does anyone have any idea what that account would be? It's a fairly substantial account for a small community. That wouldn't be buses or nothing like that? Okay, well just take a note of it if you like.

MR. CURTIS: Mr. Chairman, we could look that one up. We don't have the information.

MR. USKIW: The next one is A. E. Ames and Company. Surely that one must be known, that's 189 million. What is that?

MR. CURTIS: Mr. Chairman, that's an investment house, a large firm in Canada and there would be a

composite of purchasing of securities and money market transactions.

MR. USKIW: Okay.

A. MEMBER: That's not their fee?

MR. CURTIS: Not their fee, no, no.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: The next one is Acklands Ltd., Winnipeg, \$185,000. Would that be a tender? If it's a tender I've no problem with it. If it's other than that then I'd like to know what it is.

MR. CURTIS: Mr. Chairman, I couldn't answer that one with certainty. I think we should have a look at it.

MR. CHAIRMAN: Mr. Parasiuk.

MR. PARASIUK: I have one category I'd like to get broken out; this has been done in the past for travel I believe, but I'm pretty sure that the way these accounts are coded it would be possible to break out the expenditure of the government for advertising. Is that correct, Mr. Ziprick?

MR. ZIPRICK: Yes, that is correct. There was a total for advertising in that category shown in the first section.

MR. PARASIUK: I was looking for that before and I just didn't know . . . What page would that be just so I can check back with other books just to see.

MR. CHAIRMAN: Section 4, 39.

MR. PARASIUK: Oh, sorry. Advertising and Exhibits. Just to the Auditor; is that the way it's been highlighted for previous years? Has Advertising and Exhibits been broken out like that for previous years so that I could see what the yearly change has been with respect to advertising?

MR. ZIPRICK: See, you're on Page 4-39, you'll see the net object code of that expenditure for '80 as compared with '81. Last year was the first time that this kind of statement was prepared so we didn't have a comparison. This year we have a comparison and that compares the two. Now the larger variances, there's also a note which explains what the variances were. In this case there was not a substantial variance so there's no explanation, but it's also by departments.

MR. PARASIUK: Okay that's good, that's what I want, thank you.

MR. CHAIRMAN: Mr. Hyde.

MR. LLOYD G. HYDE (Portage la Prairie): Mr. Chairman, on Page 64, Aller-Brooke, Catherine, Portage la Prairie, I wonder if we can get an explanation for that item.

MR. CHAIRMAN: Would you repeat the name please?

MR. HYDE: It's Aller-Brooke, Catherine — first column, three-quarters of the way down the page on the left-hand side —(Interjection)

MR. CHAIRMAN: Any other questions on Page 63?
Mr. Uskiw.

MR. USKIW: Yes, Addison-Wesley (Canada) Limited, Don Mills, Ontario.

MR. CHAIRMAN: Just to assist the department in finding these, if you read one out would you give us which column it is and approximately the position. It will help in finding it easier.

MR. USKIW: Oh I see, okay. It's almost midway down the page on the right-hand column, Page 63 — \$229,000; it's a big item.

MR. CHAIRMAN: It's been noted.

MR. USKIW: The next page then, Mr. Chairman.

MR. CHAIRMAN: 63 — pass; Page 64.

MR. USKIW: Airquest Surveys Limited. What kind of survey work is that? Is that to do with geological or is that land survey? That doesn't matter I don't need to know now.

MR. CHAIRMAN: Mr. Ransom.

MR. RANSOM: All I can say is that I know that they have been used for some aerial survey type mapping, flood control type of mapping.

MR. USKIW: Okay. Perhaps I could help the committee or the staff. If any of the questions are on an expenditure where there has been a tender and the normal procedure followed then I don't want an answer to that. You don't have to bother with it as long as it's been competitive. Okay?

MR. CHAIRMAN: Anything else on 64? If not, Page 64 — pass; Page 65.

MR. USKIW: No, Mr. Chairman, I want to get back to Page 64. Altona Concrete and Altona Dray Limited, two substantial amounts and Altona Mall Development — I don't know what we're doing with Malls. It's a small item but what would we be doing there?

A MEMBER: (Inaudible)

MR. USKIW: Oh I see. Okay, that's possible, that makes sense. Okay. But the two big items if one would want to note that.

Perhaps a suggestion would be helpful here, I don't know, for the future. What I was hoping that we could do here with these documents, Mr. Chairman, I suppose we should have thought of it years ago, is where we're dealing with an item of expenditure that is routine or in particular where it's items that are tendered for in the normal way, that if we could have an alphabetical notation then we wouldn't waste time worrying about what these are and trying to do the research on them and so on. If it's a tender you could just have the alphabet T alongside of it, we'd know that was a tendered item. They wouldn't waste the committee's time nor our time in trying to pursue it.

MR. RANSOM: That's something to look at, Mr. Chairman. I think, too, that it might be advisable

since I believe that the accounts have been available for some time that if we had some prior notice of items that you are interested in then we would try and come to the committee with the information.

MR. USKIW: Either way; I don't want to unduly delay the committee's work.

MR. CHAIRMAN: Page 64 — pass; Page 65 — pass — Mr. Hyde.

MR. HYDE: Mr. Chairman, about a third of the way down in the right-hand column, Arrow Taxi, Portage la Prairie, \$16,061.20. Could we . . .

MR. RANSOM: It is likely Social Services but we'll check that.

MR. HYDE: Very good, thank you.

MR. CHAIRMAN: Anything further on Page 65? 65 — pass; Page 66

MR. USKIW: Yes, what are Aveyron Services Incorporated, Swan River?

MR. CHAIRMAN: Whereabouts on the page?

MR. USKIW: Two-thirds of the way down, \$95,000.00 And then just below that 128,000 — Ayerst McKenna and Harrison Company, in Montreal. Is that a drug firm?

MR. CHAIRMAN: Yes.

MR. USKIW: Oh, okay, forget it.

B. and L. Lumber in Calgary. I would want to know why we're buying lumber in Calgary? It could be a head office situation, would that be a logical explanation.

MR. RANSOM: It's not necessarily lumber.

MR. USKIW: And it's not necessarily lumber in that case.

MR. CHAIRMAN: Page 66. 66 — pass; Page 67 — Mr. Parasiuk.

MR. PARASIUK: Yes, on Page 67 in the second column —(Interjection)

MR. CHAIRMAN: I'll come back to it. Mr. Parasiuk continue.

MR. PARASIUK: Beacon Hill Lodge, and I don't just pick out Beacon Hill Lodge, I notice that a number of nursing homes, both private profit making and non-profit have little amounts like that - 12,552. I know that wouldn't be for the service they provide people on their Medicare. I'm wondering why there are those little adjustments. Are they adjustments at year-end or something like that? —(Interjection)— No, there are some non-profit ones that get it as well, unfortunately. If I could get just some explanation later on, maybe there's some right now, I don't know.

MR. CHAIRMAN: Just check that they have got it noted.

MR. CURTIS: Would you mind if we checked just to see what the composition of that account was?

MR. PARASIUK: Yes, it applies there. Throughout there a number of personal care homes that have fairly minor amounts, 12,000, 8,000, 15,000, that type of amount. It's not a standard amount for each personal care home. It certainly isn't what the Manitoba Health Services Commission has paid them for services rendered. It just seemed like an unusual figure.

MR. CHAIRMAN: Mr. Curtis.

MR. CURTIS: Sorry, Mr. Chairman, I just asked, wanted to know, would it be the committee's wish that we did this one in detail to find out what the items were comprised of?

MR. PARASIUK: Sorry, I didn't hear that.

MR. CURTIS: I'm sorry, Mr. Chairman, I just asked the question if it would be the committee's wish for us to look at one of these accounts, say, in detail to determine what . . .

MR. PARASIUK: Just check. I just want an explanation of what that is. I think it would suffice for all the others.

MR. CURTIS: All right, thank you.

MR. CHAIRMAN: Mr. Ransom.

MR. RANSOM: Mr. Gourlay informs me that Aveyron Services Limited is the workshop for retarded people in Swan River.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Yes. Page 66, near the bottom, Bank of British Columbia, Vancouver, \$5 million. It's in the right-hand column there.

MR. CURTIS: Mr. Chairman, being one of the banks in Canada we have money market transactions with them.

MR. USKIW: And the New York one as well, the 270,000 would be the same thing would it?

MR. CURTIS: I'm sorry, which one is that?

MR. USKIW: Same page, just about at the bottom. Bank of Nova Scotia, New York.

MR. CURTIS: Oh, that would be a foreign exchange transaction with the Bank of Nova Scotia.

MR. USKIW: On Page 67 . . .

MR. PARASIUK: A second question while we are on the banks. I notice that there are amounts in there of 5 million, 58 million, 20 million; I haven't looked up the T.D. one but I know that the Royal Bank is 340 million. Does that mean basically most of the transactions are through the Royal Bank? Is that the bank of the government in a sense?

MR. CURTIS: Mr. Chairman, the Royal Bank of Canada is the main banker for the province but we

do a substantial amount of business with all of the banks particularly in the money market and the money market is subject to daily quotations; so that if we do have money that's being put out for investment, it's on a competitive basis.

MR. PARASIUK: That's all I wanted to know.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Yes. A small item but of interest to me, about halfway down on Page 67 on the right hand, \$2,181 Beaufort Air-Sea Equipment Canada, Richmond, B.C. What are we doing with that? It doesn't matter, it's not a big item. Air and Sea Equipment. Could be for something in airplanes I suppose. Okay. It's not that important.

MR. CURTIS: Do you want us to . . . ?

MR. USKIW: Doesn't really matter.

MR. CHAIRMAN: Anything further on Page 67? (Pages 67 to 74 were read and passed.) 75 —

MR. USKIW: On 75, there's a whole series of radio ads, radio stations, Dauphin, Brandon, Winnipeg and so on. Would that be for government advertising of some sort I suppose? About two-thirds of the way down on the right-hand column. Seems to be a fairly large block to one television station in Winnipeg here compared to — the others are radio stations I see.

A MEMBER: The others are radio.

MR. USKIW: Oh, yes, that makes a difference.

MR. CHAIRMAN: Mr. Steen.

MR. WARREN STEEN (Crescentwood): Yes, perhaps the Minister, Mr. Chairman . . . I see on Page 75 about halfway down in the right-hand column, there is a group of cities, the City of Neche, North Dakota, 79,000; is that flood damages?

MR. CHAIRMAN: Mr. Ransom.

MR. RANSOM: That's a water supply item. They supply water to Winkler, Altona, one of those sort of towns.

MR. CHAIRMAN: Anything further on Page 75? 75 — pass; 76 — pass; 77 — Mr. Uskiw.

MR. USKIW: In the first column, about two-thirds of the way down, Cormorant Play World Inc., \$23,000.00. Perhaps the title leads one astray, I don't know. —(Interjection)— I thought it was a place. I thought it was a retreat or something. Okay.

MR. CHAIRMAN: Pages 77 to 82 were each read and passed. Page 83 — Mr. Hyde.

MR. HYDE: Yes, a third of the way down, Fairholm Holding Co. Ltd., Portage la Prairie, \$10,500.00.

MR. CHAIRMAN: Pages 83 to 89 were each read and passed. Page 90 — Mr. Uskiw.

MR. USKIW: Mr. Chairman, on Page 90, three-quarters of the way down in the first column,

Hartford Investments Ltd., would that ring a bell with the department, \$154,000.00?

MR. CHAIRMAN: Mr. Curtis.

MR. CURTIS: I'm not familiar with it, Mr. Chairman. It may well be rental properties, but I'm not certain. We'll have to research it.

MR. USKIW: Okay.

MR. CHAIRMAN: Pages 90 to 102 were each read and passed. Page 103 — Mr. Miller.

MR. MILLER: Mr. Chairman, the various groups here, Curling Association, Cricket Association, would those be lottery moneys paid out?

MR. CURTIS: Yes.

MR. CHAIRMAN: Page 103 — pass; 104 — pass; 105 — pass; 106 — Mr. Uskiw.

MR. USKIW: At the bottom of 106, McGraw-Hill Ryerson Ltd., \$484,000, Scarborough, Ontario. The first column.

MR. CURTIS: Mr. Chairman, I think that is primarily books for the Department of Education.

MR. USKIW: Then in the next column, mid-way, McLeod, Young and Weir Ltd., these are brokers, I presume.

MR. CURTIS: Yes.

MR. USKIW: Then over on 107, in the second column, Midland Doherty Ltd. is the same thing, that would be a brokerage?

MR. CURTIS: Sorry, which one, Mr. Uskiw?

MR. USKIW: Midland Doherty, \$184 million, the same thing?

MR. CURTIS: The same thing.

MR. CHAIRMAN: Pages 107 to 118 were each read and passed. Page 119 — Mr. Miller.

MR. MILLER: . . . Refunds, and it just gives a total. Would this be refunds on overpayment of taxes of one kind and another, just the total shown there?

MR. CURTIS: I'm sorry, Mr. Chairman.

MR. MILLER: The first column of Page 118, just towards the bottom of the page. Refunds, total \$5,589,639.89.

MR. CURTIS: I'm sorry, Mr. Chairman, we do maintain a sales tax refund account.

MR. MILLER: I see, so this is just the total of all that.

MR. CURTIS: Yes, the total amount.

MR. CHAIRMAN: Pages 118 to 123 were each read and passed. Page 124 — Mr. Uskiw.

MR. USKIW: Mr. Chairman, on 124, about a quarter of the way down, 768 Association Inc. and Mulder

Brothers (1975) Ltd., Winnipeg, \$209,000; and then on the top portion of the next column, Shirley Helicopters Ltd., in Edmonton, \$136,000.00?

MR. CURTIS: Mr. Chairman, I would suspect the latter of the two would be probably entirely for fire fighting.

MR. CHAIRMAN: Pages 124 to 137 were read and passed. Page 138 — pass — Mr. Uskiw.

MR. USKIW: A little over half-way in the first column, Winnipeg Free Press, \$246,000.

MR. CURTIS: Mr. Chairman, I would suspect the bulk of that would be for advertising - general advertising.

MR. USKIW: Okay. The same would be true for the Winnipeg Tribune, at the bottom of the page.

MR. CHAIRMAN: Page 138 — pass; 139 — Mr. Miller.

MR. MILLER: 139 under the 'zs', towards the bottom, Dr. Zloty, \$31,000; that's about the first doctor I've seen included in these. Since the Commission's payments don't show here, I'm wondering what that might be.

MR. CHAIRMAN: Page 139 — pass. That concludes the consideration of the Public Accounts. If there is no further business to come before the Committee, Committee rise? Committee rise.

MR. CURTIS: Thank you, gentlemen. Thank you, Mr. Chairman.