

**Second Session - Thirty-Ninth Legislature**  
**of the**  
**Legislative Assembly of Manitoba**  
**Standing Committee**  
**on**  
**Public Accounts**

*Chairperson*  
*Mr. Leonard Derkach*  
*Constituency of Russell*

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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Ninth Legislature**

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**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON PUBLIC ACCOUNTS**

**Monday, December 10, 2007**

**TIME – 7 p.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – Mr. Leonard Derkach (Russell)**

**VICE-CHAIRPERSON – Mr. Jim Maloway (Elmwood)**

**ATTENDANCE – 11 QUORUM – 6**

*Members of the Committee present:*

Hon. Mr. Selinger

Messrs. Altemeyer, Borotsik, Ms. Braun, Mr. Derkach, Ms. Howard, Messrs. Lamoureux, Maguire, Maloway, Mrs. Stefanson, Mr. Swan

**APPEARING:**

Ms. Carol Bellringer, Auditor General

**MATTERS UNDER CONSIDERATION:**

Auditor General's Report – Audit of the Public Accounts for the year ended March 31, 2003

Auditor General's Report – Audit of the Public Accounts for the year ended March 31, 2004

Auditor General's Report – Audit of the Public Accounts for the year ended March 31, 2006

\* \* \*

**Mr. Chairperson:** We'll call the meeting to order, ladies and gentlemen. I've got a script here somewhere.

This meeting has been called to consider three reports from the Auditor General on the Audit of the Public Accounts for the years ended March 31, 2003, 2004 and 2006.

Before we get started, are there any suggestions from the committee as to how long this committee should sit?

**Mr. Rick Borotsik (Brandon West):** I would suggest that we look at approximately two hours, till 9 o'clock being the end date. Then, at that time, if we still require more time, I'm sure we could reassess the situation.

**Mr. Chairperson:** What is the view of the committee? *[Agreed]* Okay, so we will sit until 9 o'clock.

Prior to our discussion on the reports, there are a few other matters that I would like to share with the committee. Since we last met, there have been some attempts on both sides of the House to try to regularize, if you like, the way that the committee meets and the structure that the committee functions under. However, that is still fluid, and we hope that, as the committee evolves, we will be able to address the issues on an agreed-to basis rather than trying to impose legislation on how we should meet. I think that's been agreed to, generally, by the two House leaders.

Further, the Auditor General, along with myself and the Vice-Chair, attended the CCPAC conference. That's the annual conference that was held in Victoria. I am just pleased to report that, although Manitoba is making small strides toward coming close to what other jurisdictions do, our Auditor General, as a matter of fact, did chair a session of the conference that dealt with the—I believe it was the relationship between the PAC committee and the Auditor General. I think she represented Manitoba extremely well, and we are proud of that. I think that there is some hope by other jurisdictions that, indeed, Manitoba is going to come onside and is going to start conducting its affairs under the public accounts generally accepted rules as other jurisdictions do, and we are working toward that.

I'm going to stop there because I don't believe that I need to go into any further detail on that. Perhaps the Auditor General would like to make some comments with regard to that when she makes her opening remarks.

One of the issues that came out of the conference was that perhaps PAC committees could benefit from a pre-committee, in camera session where the Auditor General and perhaps the Clerk could go through some processes that would just be for the members of the committee, perhaps reviewing the recommendations as they have been made by the Auditor General. Then it would allow for a more full discussion, if you like, at the open Public Accounts

meeting. This is done in almost every other jurisdiction.

I guess my question tonight is whether or not this committee would feel it appropriate for us to have a half hour or three-quarters of an hour prior to the open session of the meeting, prior to the witnesses, before the committee, to have a general discussion in an in camera situation on the reports that are going to be considered for that meeting.

So I throw that open to the table right now and hope that there will be a comment or two in that regard.

**Mr. Andrew Swan (Minto):** Mr. Chair, I think that is one of the things that we are looking at doing as we modernize the Public Accounts Committee. I certainly would like to hear the comments of the Auditor General on that. It seems to make sense that, if the Auditor General and her staff are willing and able to provide that to us, that opportunity be presented to the members of this Legislature on the committee.

**Mr. Chairperson:** Any other comments?

**Mr. Kevin Lamoureux (Inkster):** Mr. Chair, I appreciate what it is that I am hearing. I think that's encouraging. I know that the Member for Minto, myself and the member—who was it? *[interjection]* Mr. Hawranik went to Regina and we had the opportunity to go over some of the House rules and what their Public Accounts Committee does.

The only thing that I would add to your comments is that I would be very much interested in gaining some insights from our Auditor as to what sort of possible options or what she's familiar with, other Public Accounts committees, and just to hear what is it she might have to say in terms of a direction that we could possibly be going. I think it would help for the House leaders—as we continue to talk about the changing of possible rules, I think now is the time to do it. So whatever can be done to foster that communication and incorporate Public Accounts, I think, would be very positive.

\* (19:10)

**Mr. Borotsik:** Your comments are certainly well taken. I think we all recognize that the Province of Manitoba and its operation of the Public Accounts Committee has some improvements that they could make to the committee itself. The Auditor General was kind enough to accommodate us with a seminar that went through all of the jurisdictions throughout

the country, as well as that of Canada, and their operations of public accounts. There were a number of areas we felt that—and, again, I'll turn over the microphone to the Auditor General and have her make comments. I don't want to put words in her mouth, but I think we all agreed at that time that there were certain improvements that had to be made.

One of those improvements certainly could be an in camera session, a pre-session, if you will, prior to Public Accounts. I would suggest that it be done on an as-called, as-needed basis, called by the Chair. I don't know if it's necessary to incorporate that into the ongoing operations of the Public Accounts Committee, because, quite frankly, it may not be necessary prior to every PAC meeting. However, as long as there's the ability to have that, I think, at the call of the Chair, and certainly with the agreement of the committee, that that would be a good inclusion into our procedures and rules.

Saying that, there are lots of changes that I would think that the committee could look at in a positive vein, the first one being more of a regular meeting of the PAC. As we well recognize, there are some 23 outstanding Auditor General reports at the present time that have to be dealt with, as well as a number of the Auditor General's financial reports. So I think if we had a regular meeting date when the House was in session that this could be accommodated. Given an opportunity to have the committee put forward agreeable recommendations, I think that would be a good step in the right direction.

But I would ask the Auditor General, certainly, her opinion as to the comments that you had just made, particularly pertaining to the in camera session prior to meetings, as well as the seminar that we all attended. I know that she's got some positive viewpoints on it. So I'd ask her to comment.

**Ms. Carol Bellringer (Auditor General of Manitoba):** I can say without exception I certainly have seen the will and the interests of all the committee members to make some changes. That's something we look at with glee.

Actually, in the 2006 report that's on the agenda for tonight, it's on page 99 and 100, we did an update last year on all of the various recommendations regarding Public Accounts committees and what the current status was then. It hasn't changed an awful lot since then. That does go through a lot of the main areas. But, interestingly, I was just running through it

now, and it doesn't include the comment around the in camera sessions, not because it shouldn't. It just wasn't the kind of comment we made. It was more procedural.

In terms of the dynamic that it would create, and we do strongly urge an in camera session prior to the formal Public Accounts Committee meeting, in most jurisdictions they do it immediately prior. They meet an hour or two hours, or whatever period of time they need, depending on the issue.

With the Public Accounts Committee in some jurisdictions, the Public Accounts Committee members attend the media press conference, and they learn about what's in the reports in a more formal setting there. But that's usually where the Auditor General is issuing one single annual report, and it's quite an extensive lock-up, for almost the whole morning in most cases. So that wouldn't parallel our jurisdiction.

Something prior to the meeting would be a good place to do it. It would be allowing our office to do a presentation on what's in the report, just walking through it, so that some of the things you've read just make more sense, and we can explain what some things mean so that you're in a better position to ask the questions in the Public Accounts Committee. So we think it is a good practice, and it is done in most other jurisdictions.

Certainly, at the moment, the highest priority from our perspective would be trying to figure out how to deal with the backlog, because there are 25-odd reports that haven't yet been passed by the committee. It would certainly be to our benefit as well as yours for us to be well prepared for doing those presentations. So, if we knew what was coming up in advance, it would be extremely helpful. If we could see some kind of a schedule or agenda put together that could let us know when they're coming up it would be extremely helpful, and I think it would help the quality of the discussions here as well.

**Mr. Chairperson:** Thank you. Anyone else to that?

So, seeing that there is a will to at least attempt to do a pre-consultation session, we will do that at the next Public Accounts meeting. We will determine how long it should be, based on the types of reports. That we will do with the Vice-Chair and the Auditor General. Then we will advise as to where the meeting will be and how long it will be.

The other thing that, as Chair—I'm sorry. Mr. Swan.

**Mr. Swan:** Just to clarify the point that the Member for Brandon West, Mr. Borotsik, made, it may well be that no pre-meeting is warranted based on this discussion. It may not happen on every single situation, but we'll certainly take the Auditor General's advice and yourself and the Vice-Chair, and the House leaders will try to work that out each time.

**Mr. Chairperson:** Is it agreed then? *[Agreed]*  
Thank you.

Further to the process and the procedures of our meetings, we had accepted the recommendations of the committee regarding the Auditor doing a specific audit on Spirited Energy. I think we need to open up the process so that recommendations from this committee that are made by members of this committee, by the committee as a whole, then can be forwarded to the Legislative Assembly. There should be, I would recommend, some feedback or some reporting back to this committee regarding the status, if you like, of those recommendations. That's something that we need to ease into because in Manitoba it's just not the way to jump into something wholeheartedly. We need to ease our way into it as practice has shown.

I think the other issue is the questioning of the witnesses has to be open to both sides of the table so that members on either side of the table should feel free to ask administrative-type questions of the witnesses.

The last point, I think, which needs to be made is that, as much as possible, we will try to keep our questions to an administrative type of question rather than a policy question, especially when those questions are being directed to the witnesses who are the deputy ministers. It is not their role to answer policy questions, and it's for that reason that we are trying to not diminish the role of the minister but, indeed, to make this committee function in more of a like manner that other committees do and make it a more administratively oriented committee that asks questions of the administration.

Any comments or questions with regard to what I've just said?

**Mr. Swan:** Certainly, Mr. Chair, the comments you made about the nature of the questioning of witnesses and the nature of the administrative

questions, and also the involvement of all members in this committee are helpful and useful.

With respect to your comments on the Spirited Energy audit and where that would go, frankly, I didn't think we were going to be discussing that issue tonight. I think that is something that requires a bit more reflection and probably something we shouldn't be negotiating on the record here. I would think that the Chair and Vice-Chair and the House leaders should have some discussions on where that should go.

**Mr. Chairperson:** Just for clarification, Mr. Swan, I am not suggesting we should get into the Spirited Energy. I used that as an example of what the recommendations of this committee went forward to the Auditor. The recommendation was that the Auditor undertake a review of a specific issue, and that was a recommendation from this committee. What I'm suggesting is that we need to open this committee up to allow for recommendations to go forward in an administrative way, not in a negative way. I'm not suggesting we're going to jump into that, but that's something we may want to ease into. It's up to the committee at the end of the day. If that recommendation is not endorsed by the committee, then it doesn't go anywhere.

**Hon. Greg Selinger (Minister of Finance):** We're spending a little time sort of dealing with the ground rules that we want to try and operate on as we modernize Public Accounts. I think that's useful. I think the pre-meeting could be a place to continue that discussion because sometimes reports have sensitive items in them that could become partisan very quickly if not discussed ahead of time to depoliticize them. There is oftentimes a better way to get at something without cranking up the rhetoric and just getting the proforma or formulaic responses that result in that in terms of defence. So I think the pre-meetings, if they spent a little time just preparing everybody for how they want to handle the meeting specific to that report, would be helpful.

\* (19:20)

**Mr. Chairperson:** Yes.

**Mr. Selinger:** The schedule, I think, would be useful, too, if we have a commitment to clearing off some of the reports after giving them the proper attention and diligence.

Witnesses, I think, here, this is a very delicate area because we're moving beyond the traditional ministerial accountability or responsibility model to

a separation between ministerial responsibility for policy and its senior administration responsibility for implementation and day-to-day practices, which, as we've noticed in the Legislature, sometimes those two overlap and get blended together for a variety of reasons.

But it's a hard separation to make on an ongoing basis. The way we treat witnesses—and I did comment on this at our seminar—if we're going to go blame and shame with how we treat witnesses, we are not going to be able to recruit and retain good talent at the senior levels of the public service if they feel every time they step into a public arena they are going to get the stuffing kicked out of them. We preserve that exclusive joy and privilege for ourselves. So I think we have to be very careful.

I like the recommendation that the CC—whatever the organization's name was, the comprehensive accounting, whatever—[interjection] CCAF, thank you—made last time, that he recommended we take a serious look at the Ontario model where you can't do blame and shame. You can only ask questions about how to improve things, not go back and try to be Johnny Detective and figure out who did what wrong on what night with whom and when and how, which gets you into the salacious and sometimes not very constructive approach. So, I think, on questioning, we want to be constructive on the questioning if we're going to put officials under the microscope. Officials are supposed to be there to help us on how to figure out how to make things work better. Those are appropriate questions, I think.

All members—it makes a lot of sense if we're going to go this route because people on both sides of the House want to see things improve. So I think that's appropriate.

Then committee recommendations, your point, I want to be a little careful about that because sometimes the way we play the game around here, a recommendation is made to sort of put one side on the spot or not. Then we are in a position where if you vote against it you're blocking progress or if you vote for it you're compromising somebody else in a way that you haven't had a chance to reflect on.

So we may make recommendations and then refer them to the House leaders to resolve so that there can be a proper discussion off the recorded record in a way that everybody is comfortable with because I think that's how we have got to where we

are tonight, is that informal discussion has brought us to where we are tonight.

Those would be my comments.

**Mr. Chairperson:** Thank you, Mr. Selinger.

Mr. Borotsik—I'm sorry, Mr. Swan. No, you have already spoken. Mr. Borotsik and then Mr. Lamoureux.

**Mr. Borotsik:** Thank you, Mr. Chair.

I appreciate the comments. In fact, I'm rather excited about the direction in which I see the committee going. Then, as you are aware, being relatively new to this committee and to this game, it's interesting to be able to say that there can be co-operation between all parties, the goal being, obviously, a better operated, a better organized, a better accounting of government and its departments.

I had experienced before departmental audits and efficiency audits, and that is exactly what they are meant to be. They aren't meant to point fingers. They aren't meant to—in fact, I think you called it the shame and blame. That is not the intention. The intention simply is to improve the operations of departments, and that is where the Auditor General is very vital in the whole process, identifying and bringing forward recommendations for improvements, not pointing fingers, not blaming and shaming anyone, just simply saying this department can be operated better by implementing these types of accounting procedures or procedures in general. I think that's great.

What I believe, Mr. Chair, and correct me if I'm wrong, is when you referred to the Spirited Energy audit, it wasn't specifically to that audit. It was just an example of when this committee asks for a departmental audit or an efficiency audit, that that report come back to this committee—is that what I heard?—rather than having it then go to the minister's office, that it come back. If it's asked for from this committee, it should come back to this committee, be discussed with the Auditor General, and the recommendations. Then, at that point in time, if you remember correctly, there was a follow-up procedure as well, that those recommendations would go back to the department, and then we would have the opportunity as a committee to set a follow-up date whereby those recommendations could or could not be implemented, and, if they can't be implemented, explanations as to why they can't be implemented because there're a lot of reasons why some

recommendations cannot be put into place within a time frame.

I believe that's where you were heading. Certainly, it's a discussion point that we should have an honest, open debate about.

**Mr. Chairperson:** Well, that's more of a rule change, if anything, Mr. Borotsik. At the present time, there is a process that is followed, as I understand it, for the tabling of reports, even if they are recommended by this committee. The procedure that is followed by the Auditor is one where, you know, the long-standing process that has been adopted by the Legislature is where the Auditor shares that with the department first of all and tables it in the House, I believe, or with the Speaker.

Does the Auditor want to clarify that further?

**Ms. Bellringer:** There were two things that I heard, as well. In having a request from the Public Accounts Committee, it's a very positive thing in terms of just knowing what it is that you're interested in knowing more about. So, in terms of requests, we encourage it. Some of the other jurisdictions, again, with the feedback mechanism through the Public Accounts Committee, there is an actual review of the work plan for the audit for a year, for three years. I mean, it depends on the jurisdiction; it depends how deep the discussion goes. The audit plan is still up to the Auditor General, but the input from the Public Accounts Committee can be very valuable in just determining which direction certain audits may go in. So that kind of feedback loop would be very useful as well.

The reporting, though, we just follow the act, the way the act is written, and I do not believe there is any other jurisdiction in Canada where the Auditor is providing any reports to the Public Accounts Committee rather than the Legislative Assembly. It's fundamental to the whole independence of the office and having the access to all members at the same time. That part of it is written into our act as well, so that practice would be really unusual in terms of a first reporting. Certainly, following up the report and going through the recommendations and then looking at various aspects of it would be extremely appropriate for the Public Accounts Committee to do, and scheduling a meeting perhaps around the issuance of a report would be one way to just have it happen at the same time. But it would still have to technically go to the House first.

**Mr. Lamoureux:** I just wanted to go the 2006 report on page 100 and bring up just two points.

One is in the governing or the changes that's being suggested, is one of the formation of a steering committee of PAC, which automatically includes the Chair and the Vice-Chair. I do think that there is some merit in terms of ensuring that there is representation in setting the meetings, for example, for the independents to be able to contribute to what the agenda could look like, or if the independents have some thoughts as to what they would like to see on the agenda. Some sort of a procedure for that.

The second part is the third point where it talks about a mandate. This is really where, I think, it has great potential, the discussion and the dialogue. I know Elections Manitoba has an advisory committee which Elections Manitoba meets with. It works with Elections Manitoba in order to make the changes that, ultimately, Elections Manitoba leads, but the membership of that group are the ones that, in essence, come up with the consensus so that it's a building process. I wouldn't suggest that we go to all the political parties or anything of this nature, but I do believe that there might be some value in terms of incorporating or allowing for the provincial Auditor to have some direct input in working with some of those individuals that are looking at establishing the mandate, whomever it might be, whether it's the steering committee or whatever, not as a person to refer to, but to actually take that formal position with a steering committee much in the same way Richard Balasko chairs the advisory committee. Again, the purpose is to try to take what is being suggested on page 100, in particular the mandate of PAC, and how that might actually help facilitate, believing ultimately that, if the process stalls, the Auditor will be aware of the politics as to why it stalled so that if, two years from now, there is a great sense of frustration that nothing seems to be changing, Auditor will at least have been afforded the opportunity to be on the inside track as to maybe what would've caused it in hopes that someday that we will have what it is—I know, Mr. Chair, that you've been trying to get at for a number of years.

So I leave it as suggestions.

\* (19:30)

**Mr. Chairperson:** Thank you, Mr. Lamoureux. Just to, if I may, respond just very briefly, that's probably a discussion that we should have in an in camera session or at another time, not when we have scheduled reports. Certainly there is a mandate in our

rules for the Public Accounts Committee, but the recommendations are ones that can be discussed when we consider that report and comments will be then taken into consideration at that point in time.

**Mr. Swan:** Mr. Chair, funny as it seems, we seem to be of like mind because you said what I was going to say.

**Mr. Chairperson:** Thank you. May we move on? Is there anyone else who has a comment? I think we've had a fair discussion on this issue, but I think we should move on with our agenda. There is one other item that the Clerk has reminded me of.

We have a process in place right now that is somewhat cumbersome with regard to calling witnesses. Now, in our process in Manitoba, the agreement is at the present time that the witnesses that will be called forward are the Auditor General, the minister and the deputy minister of a particular department. If we can agree in this committee that notice will be given to those individuals when the committee is called, then it will do away with a very cumbersome process in terms of calling witnesses and notifying them in writing and making sure that they appear on that particular session. It's somewhat dysfunctional, if I might say, in terms of how it's operating at the present time. So I'm asking for some guidance and I'm asking for perhaps an approval to change the way we do this. *[interjection]*

The Clerk has just clarified in terms of at the present time, what happens is the Vice-Chair and the Chair have to sign off on the witness list after the meeting is called. So what we would do now if we were to change the process, if there's some agreement, is we would simply notify the department that is being called before the committee to bring forward the witnesses who would include the deputy minister or that acting person in that capacity and the minister along with the Auditor General, of course, and those individuals would be named at the time that the meeting is called.

**Mrs. Heather Stefanson (Tuxedo):** Just for clarification, Mr. Chair, are you saying that it will be the Vice-Chair and the Chair then that will notify the departments?

**Mr. Chairperson:** No, it will be the Clerk who will notify the department.

**Mr. Swan:** I think that makes some sense, to have the witnesses who are going to be present set at the same time as we have the agenda and the meeting



date set. I know that there have been situations where the date is set and then someone isn't available and it thwarts the work of the committee. It allows things to work not as smoothly as they might.

So I think that is what we're agreeable to, that at the time the agenda and the date of the meeting is set, there would also be agreement on the witnesses, and the Clerk's office would then notify those witnesses so that we can get right to it and make sure the committee is working as efficiently as possible.

**Mr. Chairperson:** And the witnesses would be notified in writing by the Clerk's office.

**Mr. Borotsik:** As I understand it, the only witnesses that can be called are the deputy ministers or acting deputy, the minister and the Auditor General. Those are the only three that under current rules are allowed to be called as witnesses?

**Mr. Chairperson:** I'm advised in Manitoba the Auditor General is not considered a witness, although I think in most jurisdictions the Auditor General—as I understand it from asking that question specifically, the Auditor General, in most jurisdictions, is considered a witness. In Manitoba, according to our rules, the Auditor General is an adviser. *[interjection]* Yes. Rule 114: "The Auditor General should be in attendance at all PAC meetings to provide advice and opinions and answer questions on matters of accounting, administration and reports issued by the Auditor General, except where the committee feels the circumstances do not require such attendance."

**Mr. Borotsik:** Mr. Chairman, my question still is, the only witnesses that can be called then are the minister of that particular department and the deputy or the acting deputy are the only two witnesses that can be called?

**Mr. Chairperson:** According to our rules, I think that is correct. Okay. Are there any other comments? So is the change to the witness process agreed to? *[Agreed]*

Thank you so much. We will move ahead then. Back to our script. Are there any suggestions as to the order in which we should consider the reports?

**Mr. Borotsik:** I would suggest, Mr. Chairman, if we could, that we deal with reports in a global nature. I know that the minister has certainly done it in the

past, and I know he's excited about dealing with the global issues of the Auditor General's report.

**Mr. Selinger:** I'm fine with that. Are we also going to have some understanding that at the end of the night we'll try to pass at least one report?

**Mr. Chairperson:** I think that's up to the committee.

**Mr. Borotsik:** I certainly would like to see that happen, and at the end of the committee, we would take it certainly under advisement, but I can suggest at this time that that is certainly a sound suggestion. If I could, Mr. Chairman—

**Mr. Chairperson:** Go ahead.

**Mr. Borotsik:** Just one other question if I can. I'm looking at the reports that have been tabled. We've got 2003, 2004 and 2006. There's a gap. Perhaps I could ask why 2005 hasn't been tabled.

**Mr. Selinger:** I asked the same question. Apparently, when the reports were selected, that one had some unusual features covering some unusual topics and it was thicker, and I think the intention at the time was just to try and get some reports to get the ball rolling and to leave out the complex one, but, I mean, if we could, we could consider it tonight, but, because we haven't given notice of it, we can't really drag it on the agenda now.

**Mr. Borotsik:** Mr. Chairman, it wasn't my intention to pass it. I was just curious as to why it wasn't put forward for discussion purposes. If it's an unusual report, then I'm certainly looking forward to looking to that report in the next meeting, and perhaps we can deal with the timing of the next meeting at the end of this particular committee meeting.

**Mr. Chairperson:** Thank you. Does the honourable Minister of Finance wish to make an opening statement and would he please introduce his officials?

**Mr. Selinger:** We have with us the deputy minister or the secretary of the Treasury Board, Tannis Mindell, supported by staff from the Comptroller's office as well as Treasury Board. I'll dispense with an opening statement in the interest of getting on with the reports in front of us.

**Mr. Chairperson:** Thank you. Does the critic for the official opposition have an opening statement?

**Mr. Borotsik:** No. I'll also dispense with the opening statement. It seems we've taken some 40 minutes already discussing procedure, so we can

get right to the meat of the issues in the matter of the Auditor General's reports. I'll dispense.

**Mr. Chairperson:** Does the Auditor General have an opening statement?

**Ms. Bellringer:** I'm afraid I do. This is my chance to get this on the record. I'd like to take this opportunity.

I'm glad you're dealing with them globally because it actually makes this a little easier. One of the things I wanted to mention was we do issue a report on the Public Accounts every year and we have a statutory deadline of December 31 to get a report out to the Speaker for distribution to the members.

Every year, usually when we issue a report, it's three years before we do an update on the recommendations, but with the Public Accounts we do it every single year. So the 2006 report will provide an update on all of the recommendations that will have been made up till then, and they might have been resolved or they're still listed in the 2006 report. So, by going through those 2006 recommendations, you'll have covered off the '03 and '04.

\* (19:40)

We're actually, at the moment, finalizing 2007. It's being reviewed by the Department of Finance. We include their responses to our recommendations, so it'll be at the printer probably week after next with that one. The other thing, at the back of the report you'll see we do an annual status report on various technical updates, on technical standards. Those, too, will be updated in the 2007 report that you'll get by the end of the year. But, again, the 2003 and '04 will have already been revised when you get to 2006, so all the technical updates are only relevant at the most recent-dated report.

There are a few other audits included in each of those various reports that are unique each year. In 2003, there are three things. One was we did an audit of data conversion to the new GenTax system, and, as a result of having conducted that audit, we concluded that the data was successfully converted to the new system.

We also reported in 2003 on one non-compliance issue. It was le Collège de Saint Boniface. They hadn't been tabling financial statements or annual reports, and we also reported in that same 2003 report on Public Accounts, we also

mentioned those statements had been subsequently tabled.

The third thing in 2003 that's unique to that report, we had conducted what was called a symmetry between the accounting principles of the regional health authorities, Manitoba Health and the Province of Manitoba. We had a number of recommendations for financial reporting. To the extent that those recommendations have impacted on the Province's statements, we've followed those up, and you'll see that in the annual follow-ups.

Some aspects, I'd suggest, could still be revisited, but have not yet been by our office. For example, we did a very extensive review of the various foundations that are associated with the health-care facilities. This is all to do with what's included in the government reporting entity and whether they should have been consolidated, or whether they should have been shown in notes to financial statements or whether no reference to them would be made. So that's one of the details in 2003 worth looking at.

In 2004, there's an extensive discussion on the audit opinion. The operating fund did not include an opinion on the amount of the emergency expenditures, and that's where, for balanced budget legislation purposes, our office is required to say whether or not the statements are in compliance with the legislation. And that was because of no pre-established criteria that we could base the calculation, so it couldn't be audited. I will add, it's apparent from reading the 2004 report that the former Auditor General was clearly frustrated with the use of two sets of books, and how important it was to move to the summary financial reporting and budgeting on the same basis.

In 2006, there's an assessment of general computer controls over the technological infrastructure, and we had issued a separate audit report last year to the controller's office. It's a very technical area, and it's very sensitive in nature, so we only include it at a summary level information about the recommendations in the 2006 report to the Legislature. We also did an external assessment of internal audit and consulting services, and we had made a number of recommendations to modernize that function.

The rest I'll leave, if you have questions on any of the specific recommendations.

**Mr. Chairperson:** I thank the Auditor General for the opening statement. The floor is now open for questions.

**Mr. Borotsik:** Thank you to the Auditor General for those opening comments, and her opinions on the statements. One of my first questions was when we can expect the 2007 statement, but that's already been answered.

You did say that it's a statutory requirement that it be presented prior to December 31, 2007. It's a statutory requirement for the maximum limit. Is there any opportunity of getting this report tabled prior to December 31? We're sitting at December 10, at the present time, and I've noticed that all of the other reports have been tabled in December. Is there an opportunity of presenting the reports sooner than that? We do know that the year-end is March 31, and we do know that it takes some time to get the reports together, but, in your opinion, is there an opportunity of getting them earlier?

**Ms. Bellringer:** The financial statements. Our opinion on the financial statement is printed in—we finish the audit in July. I think it's made public in September? August, September? But our commentary on it then follows, so we don't finish the audit of Public Accounts until sometime—it's through the July-August period that we're finishing our work. So we, then, work on the report associated with it following that. So we can try to speed—we want to try to speed it up so that it's not being issued right at the wire on December 31, but it won't be significantly earlier because of the timing of the actual audit of the financial statements themselves. But we'll certainly keep that in mind.

**Mr. Borotsik:** Based on that comment, I assume we'll have this one tabled within the next two weeks.

**Ms. Bellringer:** That's correct.

**Mr. Borotsik:** There are a number of, as you had identified, previous recommendations that have not yet been implemented, as you've identified on page 48 and 49 of your report for 2006. There are quite a number. In fact, some of them go back to 1999, actually, that have not been implemented. You've had updated recommendations as early as this 2006 reporting year.

Are there any particular recommendations in here that you have a priority of implementation or at least response to your recommendations?

**Ms. Bellringer:** Can I just clarify, in terms of what we consider to be a priority?

**Mr. Borotsik:** Yes, Mr. Chairperson, to the Auditor General, that was my question.

**Ms. Bellringer:** We haven't formally prioritized them, but I could say they come of two or three different natures. Some of them are process improvements. There's a lot in the information technology area because that's where some of the work that we had done—we had done some specific audits in those areas.

One of the most significant is the move to summary financial statements which includes presenting a budget on the same basis. So your plan and your results are on the same basis, so a summary budget, and then all of the various components that have to be made compatible with that, so the balanced budget legislation and changes to The Financial Administration Act and so on; so the consistency, so that that would be the case.

That would definitely be the most significant of the recommendations. I think that pretty much covers it.

**Mr. Borotsik:** Those were the two that I was looking at. The recommendations from 2003, No. 3 and No. 4, deal with the consolidated statement which you refer to as a summary statement and the balanced budget legislation.

As I understand it, the government has indicated that this will go forward. Have you had any indication as to the time line that that particular legislation or amendments will go forward?

**Ms. Bellringer:** The summary budget has been presented for the year that we're in. The summary financial statements, there are summary financial statements each year, and the only qualification in the summary financial statements at the moment is related to the public school divisions. That is because they had not been following generally accepted accounting principles prior. They are now.

This past year we observed that they have been providing those internally, and that will be what we'll roll forward into next year's statements. You need two years' worth of data because you need to show the comparative figures.

So, if all goes well and if there are no other reasons not to do so, you'll see an unqualified audit opinion on the summary financial statements for the

year coming up. At least that's our expectation, so for the end of the '08 fiscal year.

The legislation itself is something where we're not involved with the policy areas, so you'd have to ask the department about the timing of the actual legislation changes.

**Mr. Borotsik:** A couple of questions out of that, and I highlighted this on the 2006 executive summary. It was particularly with the public schools division not dealing with the generally accepted accounting principles.

Also, I've tried to analyze school division budgets previously. They're very confusing because of a split year. They talk of a June 31st year-end, and then there's a split year going into a fiscal year-end, which is March 31st. I can get confused very easily. They've really, really done a job on me.

\* (19:50)

How do you see amalgamating that split-year fiscal year-end reporting with the public schools divisions to incorporate that into the summary statement? Can you give me some understanding as to how you're going to do that?

**Ms. Bellringer:** The Department of Finance were involved with the school divisions in putting a plan together as to how they were going to accomplish that, and we were involved as well, looking at it from an audit perspective. One of the things from an audit perspective, we've had correspondence with all of the auditors of the various school divisions, and they've been given what we called specified audit procedures so that we know that we can have assurance as at the cut-off date so that everything is going to be shown in the Province's financial statements at the same date, which is March 31.

The school divisions will continue to produce financial statements that will show a June year-end. I can see from the expression on your face that in itself is confusing, but we're only concerned about it from the perspective of ensuring that, as at the date that we're putting an audit opinion on the Province's financial statements, you're seeing a complete picture at March 31.

**Mr. Borotsik:** Mr. Chairman, that doesn't help municipalities when dealing with their own budgets and mill rates and requests for funding to the school divisions, and it is, as I say, a very confusing issue when the school divisions bring forward their budgets with a split year. But, as I understand it, you

will, in fact, have the assurance of the school division that it will be reflective as of March 31, which is the fiscal year-end of the provincial government. I thank you for that and, hopefully, by looking at the numbers, we can get some better handle on what the school divisions actually are reporting.

I appreciate also the comment about a policy issue as opposed to an operational issue with respect to the legislation coming forward, and this is not the time or place to discuss that. I suspect I will have that opportunity of discussing it or at least questioning the minister on that because, during Estimates, I asked the same question. It was suggested it would happen sooner than later as well as the appointment of a deputy minister and, again, that goes to the minister, that that appointment would be sooner than later, and it would happen after the Throne Speech.

So, perhaps if I could, to the minister, Mr. Chairman, if he's prepared to answer: Are we any closer to the appointment of a deputy minister in the department, and, also, the second question with respect to the legislation that may well be coming forward?

**Mr. Selinger:** To the first question, yes, we're getting closer. To the second question, we do anticipate introducing legislation soon.

**Mr. Borotsik:** Mr. Chairman, I think that was the same answer I got at Estimates, but I do—

**An Honourable Member:** It's closer now.

**Mr. Borotsik:** Yes, but, obviously, as the days go by, certainly, it will be closer. I know the minister would probably like to have a deputy minister appointed. As I said earlier in the Estimates, it's a very important department, if not the most important department in government. As we know that money makes everything go round, especially government operate, it would be nice to—I'm sure the minister would appreciate the fact that there be a deputy minister appointed too. So we're rooting for him on that one and hoping that will happen sooner than later.

Back to the Auditor General's report, the summary statement and the operating budget. I understand the rationale of bringing forward what—again, I refer to it as a consolidated statement. Correct me if I'm wrong, a consolidated statement is

similar to or analogous to what you use as a summary statement. Is that not correct?

**Ms. Bellringer:** The problem in the Manitoba context has been the confusion between what's traditionally been called the Consolidated Fund, which is the operating fund, and so that's one of the reasons why we've fairly consistently just used the term "summary financial statement" so as not to get confused with that notion, but that's the only reason. From a technical perspective and from private sector in particular, when you talk about a full consolidation, that's the equivalent of the summary financial statements.

**Mr. Borotsik:** Thank you, Madam Auditor General. I just wanted that for the record. As I've always known a consolidated financial statement, now I can refer to it as the summary statement and be happy in that knowledge.

In developing the summary statement, is it the intention of the Auditor General that there should still be an independent recording of an annual operating statement, that, when we have the balanced budget legislation, as we have currently in the province of Manitoba, it's a balanced budget of a single fiscal year, operating year? Is it your suggestion or intention that there should still be an accountability of that single operating statement balanced on a fiscal year-end?

**Ms. Bellringer:** There are a couple of things in that question. One thing that we've been reporting, and it's certainly my position, is that any other statements, if you will, like this second set of books, whether it's the operating fund or anything else, should always be shown in the context of the summary financial statements. So, if you want to see a schedule of what's the departmental operations as opposed to the full consolidated picture, then having that incorporated within the summary financial statements is the appropriate place to put it, if you will, in a set of audited financial statements, so that you can see where it fits in the context of the whole. So the first thing is just positioning.

Having the operating fund as a separate set of financial statements is problematic right off from the start because it's showing only a part of the whole without having the full context before you. So that's one element of it. Whether or not it should balance is a policy issue, and we don't have a position on it. You can choose to go into debt; you can choose to never go into debt; you can choose to, from a policy

perspective, have a surplus. So we make no comment whatsoever on whether or not it should balance.

The third element is, once the word "balanced" is used though, we're interested to ensure that the public is understanding the same thing as was intended. So the reference in the past has been to—calling the operating fund balanced in and of itself is also problematic because, in order to balance it, the pension liabilities are not all included. Revenues are included from Lotteries and Liquor Control Commission, and other dividends can be transferred in, as well as transfers to and from the fiscal stabilization fund. We believe the concept of balanced is misunderstood; therefore, because, in order to balance it, it's not just general revenue covering off departmental expenses. There are those other adjustments that have to be made. So we do take exception to the word "balanced" in that context. But whether you choose to balance it or not is a policy decision.

**Mr. Borotsik:** As I understand, the summary statement then, you would incorporate the departmental budgets on an annual basis; that would be your preference then, would be to incorporate into one statement, not have two sets of books, just have one statement, a summary financial statement that would, in fact, show the annual operations of the departments as to whether they're living within their budget or living outside of their budget.

**Ms. Bellringer:** I'm not sure I completely understand the question. How will you choose to show it in the summary financial statements, again, is—I don't really have a preference. It has to show complete and accurate information. How it's shown, I think there is a familiarity with the way the current departmental appropriations are shown. So maintaining that, being able to see it that way is still important. The way your voting is taking place, you have to be able to link it in so it would be nice to see it there. I don't know where else you can see it.

I don't think I'm answering your question. I don't want to get into the policy choices around—you could choose to show it another way and it would still be fine with us. You could choose to put all of your—the way that you're budgeting, therefore, you're saying, here's how we approve the expenditures will take place. Then the way you report it at the end, saying, here's how they did take place, we would like to see that parallel.

\* (20:00)

**Mr. Borotsik:** I do know that this is going to have a great deal of debate attached to it just as to what the policy is that comes forward, and I appreciate that's not the Auditor General's responsibility. I do know that the minister will be bringing forward his suggestions in the not-too-distant future with legislation. So we'll have that opportunity to debate it at that time. But, for my purposes, and I guess what I'm asking you right now is, that for your suggestion to this committee, as long as it's a summary financial statement, your recommendation or your approval would be to a summary financial statement, one simple financial statement incorporating all of the Crown corporations into the accounting of that particular financial statement. Is that what I hear from you?

**Ms. Bellringer:** That's correct. Those that are business enterprises get picked up on a modified equity basis. You're only going to see what the income or loss for the year is for those. Then there are a number of other agencies and commissions, and there's a huge long list of other organizations that are part of the government reporting entity that do get brought in, line by line, fully consolidated. You'll see the balance sheet increase. You'll see the operations change as well.

**Mr. Borotsik:** You've mentioned in this report, I believe, there are eight Crown corporations, but there are many other reporting agencies that you've mentioned. Can you give us just sort of a smattering of those Crowns, those other agencies that, in fact, would be reported in the summary financials.

**Ms. Bellringer:** I can. There's a schedule to the financial statements as well as in our report. In the 2006 report, it's on page 184, 185 and 186. Then the eight that you mentioned that were government reporting enterprises are right at the bottom of 186. So it's everything else included all the way up until then.

**Mr. Borotsik:** Some of these agencies that are listed have revenue that flows to the provincial government, do they not, Madam Auditor General? That would be reflected in revenues coming back into the summary statement.

**Ms. Bellringer:** In general, the answer is yes.

**Mr. Borotsik:** You had mentioned the pension liability. In the report it shows pension liability of approximately \$4 billion that you show as not—and that's on page 8, by the way. It's not quite 4 billion, I

think it's 3.92 billion, if memory serves me correctly. That pension liability in the 2007 statement, I don't know if you can answer this or not, but there was, I believe, \$1.5 billion, that there was a borrowing that will be shown as debt right now. That would go to reduce that \$4-billion pension liability, would it?

**Mr. Selinger:** On the net debt, we're shifting the pension liability to long-term debt through the borrowing exercise, and it has no net impact on the debt. It just shifts from one category to the other.

**Mr. Borotsik:** That was my question. Right now, you're identifying \$3.92 billion in pension liability. So 1.5 billion that was borrowed, there will be long-term borrowings, will be put onto net debt, and this \$4-billion pension liability, 3.9, will be reduced to 2.5.

I guess my question to the Auditor General, is there a schedule that identifies the other \$2.5-billion liability in pension?

**Ms. Bellringer:** Some of the details around the actual financial information, I think, might be directed toward the department. I mean, we can verify that they're giving you the correct information, but we just normally don't answer those questions, but I can.

**Mr. Borotsik:** Then maybe I could send it to the department. We've got \$3.9 billion with the pension liability reduced by 1.5 billion. *[interjection]* It's just an item on the top of page 8 which shows pension liability of \$4 billion, and a pension expense of \$206 million was not recorded. That was identified by the Auditor General.

My question, I guess, is, there's still \$2.5 billion of pension liability. Is there—and I guess I have to go back to the financials, or can the department answer? Is there a schedule as to which pension liability that is?

I guess, Mr. Minister, you were at a meeting just recently with, I believe it was MLCC, where there was \$41 million in a pension receivable identified on the government's books. I guess my question is to the department. Do we know where that other \$2.5-billion pension liability is, and do we have a schedule that identifies that liability?

**Mr. Selinger:** The short answer is yes.

**Mr. Borotsik:** I apologize, but is that best to come from the Estimates, or can we get that information?

**Mr. Selinger:** Are you asking where we can find it? Well, the first place I found it is actually not in the report in front of us, it's in the Province of Manitoba's Annual Report and the one we're looking at is for the year 2006 and it's on page 71. I can make a copy available. It looks like we have a parallel treatment of it, yes, on page 165 of this report. So, if we go there, we'll be on the same page, so to speak, at least for a few brief moments. On that page you'll see the schedule of the pension liability, and in the first instance, you'll see the pension liability for the civil service plan of \$1.7 billion roughly, and then the teachers' plan, \$2.27 billion, and then some smaller ones, for a total of \$3.967 billion in the pension expenses, in the column preceding that, of \$418 million.

**Mr. Borotsik:** Mr. Minister, I appreciate your pointing that out to me because I didn't know where the other pension liability would come from. Certainly, that will be recorded in the summary statement when we get it coming up.

**Mr. Selinger:** This is the summary financial audited statement that you have in front of you. We've been doing this for several years. What the change that's coming is we're now lining up the budget with the audited financial statements that are produced by Public Accounts. For several years we've been doing a summary treatment on the financial statements, which includes all the Crowns and every other entity that we can think of under the sun in the provincial level, but now the budget is going to more closely align with how we do the Public Accounts. But, for several years, we've been doing a full summary treatment of these statements.

**Mr. Chairperson:** Any other questions?

**Mr. Larry Maguire (Arthur-Virden):** I would, just in regard to that then, can the minister give us a—if those are coming forward in the new reports, is it his intention then, in order to provide clarity, that all of the unfunded liabilities would become debt and be a part of the books in the accounting in that matter?

**Mr. Selinger:** This is a policy decision that we make as a government. In the first instance we did it for the teachers' retirement fund based on our ability to get money at a certain rate under 4.7 percent, actually, just on the good side of 4.6 percent, around 4.62, 0.63 in that range.

We had an independent actuarial assessment done of that by a firm outside of Manitoba that recommended that as being a good idea. If the

opportunity occurs in the future to also acquire funding for long-term pension liabilities, to finance it at a rate that we think will be less than the return on the fund, given previous experience, or the actuarial assumption, which is usually lower than the actual return on the fund—the actuarial assumption is usually around six and a quarter, six and a half rate of return—if we can get the money, say, under five and we can have an actuarial assumption of a return of six and a quarter and we also know behind that, over the last 30 years the returns have been double-digit, at least 10 percent plus, that will save both the taxpayers' money on a pay-as-you-go basis because you'll have more money earning money and we'll get a good rate for that in terms of the cost of the borrowing part.

So we look at it on a business-case basis as we go forward and to see what the market will produce for us when we make that decision. If the market looks favourable, we will consider making a—I will consider making a recommendation to move on it through my colleagues.

**Mr. Maguire:** Would a move like that, then, be a permanent change, or would you look at it annually?

\* (20:10)

**Mr. Selinger:** In this case, we made a one-time decision to go to three-quarters. It may not be that clean in the future. Once again, it will be sort of a business-case decision. It may be a series of annual decisions that we make until we have the option of going to 75 percent, but we may not go there in one move. You should never time the market, but we got a good rate at a good time for a large amount of money. We'll just have to see going forward whether that's possible. There are other variables involved too in terms of how we account for it, et cetera, and impact on operating budgets, et cetera.

**Mr. Maguire:** The question, I don't know if it's for the Auditor General or the minister here in regard to, under the list of Crown corporations that the Auditor General kind of pointed out to us on page 184, I just took a quick look at that and hadn't seen it before either, but we've got a Consolidated Fund, operating fund and special funds. Under that title of, third one down, is a Farm Machinery and Equipment Act Fund. Can somebody tell me what that is?

**Mr. Selinger:** Farm Machinery and Equipment Act Fund, I'm so glad you asked that question. What that is, and I'm wondering if anybody's going to give me

an answer in the next couple of minutes. If not, I will take it as notice and get back to you.

As you can see here, there are a number of funds; some of them are quite small in terms of the amount of money they hold. As soon as I get a little bit more information for you, I'd be happy to provide it.

**Mr. Maguire:** Having come from a farm background where, if there was some machinery available, it kind of—there's a number of these—I mean, obviously—

**An Honourable Member:** All I can say for sure is, it's never been an issue.

**An Honourable Member:** I assume not, or both you and I would have heard about it.

**Mr. Chairperson:** Excuse me. I guess for *Hansard* we will have to identify you when you speak, so let's take our turn here. Mr. Maguire, with your question.

**Mr. Maguire:** I repeat that I assume that, if it had been an issue, both the minister and I would have known about it, maybe even the Chair. So I appreciate that.

There are a number of others, I haven't made a count here, but there looks like there's got to be 40 or 50, 60 maybe even, Crown corporations, government services here in Manitoba, in the province. Do either you or—do you have a—just without adding them up, an exact number on how many Crown corporations we have?

**Mr. Selinger:** Actually, they're not all Crown corporations. Many of them are Crown organizations. We traditionally think of a Crown corporation as what probably should be called a Crown enterprise, something that has its own capacity to generate revenue through usually some sort of customer. Many of these organizations are not like that; they're special funds that are, for example, like the Addictions Foundation of Manitoba, which is entirely funded by the general revenues for the most part. There might be some minor differences there.

The Brandon University, it's called a Crown organization, but, you know, it's funded by us and research money and a little bit by the feds. You know, most of the Crown enterprises are a very small number. Many of these are organizations that have an arm's-length relationship from the government. They often have their own governance structure in

place, but they don't necessarily generate a bottom line that's in the black without a massive transfer from government to make them operate. Legal Aid, I think is probably in here, yes, here it is on the top of page 91, the Manitoba Arts Council. These are organizations that are just about entirely funded by us to carry on services usually under their own board with the autonomy to make their own decisions and a report to the minister on their general operations but not a day-to-day requirement to report through a deputy minister.

**Mr. Chairperson:** Thank you, Mr. Minister. Any further questions?

**Mr. Maguire:** Just back to a question that my colleague, Mr. Borotsik, from Brandon, asked in regard to the implementation report, a number of issues around it; it's to do with, I guess, whether we would have a summary budget over a period of time or continue with an annual operating budget on a balanced budget legislation. I know that the government has indicated, even the Premier (Mr. Doer) has indicated as well as the minister, that they want to move forward with continuing to have balanced budget legislation. It's been acknowledged that we have some of the most stringent recording of that area through the balanced budget legislation and debt reduction legislation that we have in Manitoba of all of Canada.

So I wonder if I could ask the Auditor General if there is anything that she sees in the report—in fact, if you were to move away from the, or into a summary where you balance the books every three, four, five years, whatever number might be chosen, can she indicate how the implementation of some of the recommendations, or as the items that she's recommended, would be able to continue to have the same kind of accountability in a new process that we have with the present one?

**Ms. Bellringer:** In terms of multi-year as opposed to annual?

**Mr. Maguire:** Yes, Mr. Chairman, I believe that's what I was referring to. I just wanted to look at—certainly, you know, I think that the government's intention still is to have an operating budget that would be balanced. I wondered about the debt-reduction legislation as well, because, of course, it's very important. I think that we continue to have some responsibility and accountability in regard to—while we have to maintain services for this generation and future generations, probably even more important for the future generations, we need to



make sure that we're doing it in a responsible manner and that debt reduction can be a part of that, particularly with the types of revenues that we have. So can she just elaborate as to whether or not any changes that she might recommend in the report or saw in the report would impact on that, or negatively impact on it?

**Ms. Bellringer:** The decision whether you're going to choose to balance annually or balance over a period of time is a pure policy decision. The one comment I'll go on the limb and make is—go out on the limb, I guess—it certainly is important for business decisions to be made for sound business reasons, and not because the accounting is driving you there. So the one caution with when—and it gets exacerbated by going on an annual basis where the way you record something is suddenly going to put you offside in balanced budget legislation isn't the right reason to make a business decision. So going to multi-year helps you a little bit around that so that you can choose to do something in one year that may create a deficit in that period, and then in future years you'll see you have to manage your operations in such a way that you can recover that. So there are business reasons that I would support, but, again, from a policy perspective, what you choose around that is not something I can comment on.

**Mr. Maguire:** No, I understand it's totally up to either the government of the day or any future government to decide whether or not they want to actually balance the books or not. I'm not asking you to intervene in that process. Whether they want to run a deficit or a debt or increased debt is a government policy decision and a decision that'll be made by Treasury Board and Cabinet. I respect that. I just wondered if—and I appreciate your answer.

I know that the minister had indicated earlier in the summertime, back in the summer, that there'd be more detail coming forward as a result of the Deloitte & Touche reviews and that sort of thing. I wonder if he can indicate to us where he feels that's happened, how soon he would be coming out with it, or will it be part of the budget or will it be part of the future legislation that he brings in.

**Mr. Selinger:** Yes, as I said earlier, we will be acting on our commitment to full summary budgeting. It has implications for balanced budget legislation, but we have every intention of continuing to have fiscal prudent management in the province and annual accountabilities for that. The specifics of that will be disclosed when we table the legislation

which I anticipate in probably the session that we're going to be entering into. It's prorogued right now, but I'm anticipating the session will be looking at the details of that. Obviously, I can't get into them until we disclose them, but the bottom line is, there will be a bottom line and it'll be in black.

\* (20:20)

We'll continue to be fiscally prudent, and then the details around that. I mean, there are recommendations made in the Deloitte & Touche report. There have been lots of healthy discussion around it, but the one point that I think has been reinforced tonight is there can be only one set of books and one bottom line. Everything else has to be something else, a schedule or a page in the summary budget, but there can't be two legally binding bottom lines. There can only be one legally binding bottom line, and it has to be a full summary budget legally binding bottom line.

**Mr. Maguire:** One of the aspects of that full balanced budget legislation and debt reduction legislation that came in had to deal with—and I respect the minister for indicating that it will be in the black, and certainly it could be; it has to be. At least they've made attempts at it under the present balanced budget legislation that's there. As I've indicated, there could be opportunities to take one year and perhaps not be out of a balanced, or out of the type of format that would come forward.

One of the keys that a number of people have indicated to me is key to it is that under the present debt reduction and balanced budget legislation we as MLAs, or the ministers in charge, I guess, at that point in the Cabinet, have the fiduciary responsibility to have their salaries reduced if they don't do that on a couple-of-year basis in a row, and I wondered if that would continue to be part of any future legislation that the minister would bring in.

**Mr. Selinger:** Well, I'm quite certain there'll be a consensus in the Legislature to reduce salaries—

**Mr. Chairperson:** Oh, I'm sorry, Mr. Minister.

**Mr. Selinger:** No. There will be—

**An Honourable Member:** Only ministerial salaries.

**Mr. Selinger:** No, no, all salaries of every member of the Legislature.

**An Honourable Member:** I heard ministerial.

**Mr. Selinger:** No, I thought he was asking if every member's salary would be reduced. If that's the case, I think we can get a consensus on that.

The other point I wanted to make, though, is that, under the—which I think you would have to call it unique-balanced budget legislation, when it was brought in, there was the ability to transfer money out of the Fiscal Stabilization Fund toward the definition of a balance under that legislation, which is still in effect today. That did not meet the evolving standards of summary budgets. It didn't meet the full test of—and the Auditor commented on that several times throughout the years. So the reality is under any legislation for balanced budgets that we've looked at in Canada and other places there is always some requirement for flexibility for unforeseen events for which you have to be accountable. So those principles, I think, are discussed by the consultants' report that we'd tabled publicly, or it was tabled publicly by the consultants themselves.

So there has to be accountability, but there has to be some recognition, as there was in the original balanced budget legislation, that there are unforeseen events that can push you offside on an annual balance, that a rigid 100 percent requirement to balance without any transfers and/or exemptions could put you in a situation of making, as the Auditor General has just said, bad business decisions not in the interests of the public. So the legislation has to respect the accounting requirements under GAAP for full summary budgeting and still allow government to make good business decisions for which they are accountable and not completely hamstrung by rules that would make bad business decisions.

**Mr. Chairperson:** Thank you, Mr. Minister.

Any other questions?

**Mr. Maguire:** As long as the minister doesn't touch that Farm Machinery and Equipment Act Fund, we'll be fine. Whatever it is—[*interjection*] Whatever it is—

**An Honourable Member:** That could be the difference between balancing—

**Mr. Maguire:** Yeah, it could be.

**Mr. Chairperson:** Go ahead, Mr. Maguire.

**Mr. Maguire:** I was looking at the circumstances around the balanced budget part of the total infrastructure that might be there, but I'm going to defer at this time to my colleague from Tuxedo, and I'll come back to this later. Thank you.

**Mrs. Stefanson:** I just have a couple of very quick questions for the Auditor General.

The first one being, is it within the scope of your practice to make recommendations to the government on how to become more accountable or maintain accountability when it comes to accounting and reporting principles of government?

**Ms. Bellringer:** Yes.

**Mrs. Stefanson:** So, in your opinion, how can we maintain and assure accountability, like, under GAAP, I guess? We're moving towards GAAP. How can we maintain the same kind of accountability that we've had under balanced budget legislation? What would be your recommendations to maintain that kind of accountability that we've had previously in some of the new recommendations that you've made to the government?

**Ms. Bellringer:** Sorry, I'm just trying to figure out exactly how to answer that. In terms of previous accountability being an annual balancing of the operating fund? [*interjection*]

The recommendations we've made have been focussing on the problem with the weaknesses in accountability on the past practice, being what did balance mean? It's more of a matter of ensuring that the goal is clearly understood in a broad sense. So the term "balanced" usually—well, no, we haven't done surveys, but we would say just from our own perception of what that means to the public is that your inputs and your outputs are equal. What you're generating in revenue is what you're spending.

The issue's been around the fact that all of the pension liabilities haven't been included on the expense side and that there's been some flexibility on the revenue side. So we've taken exception to the current practice, and what the shift to the summary financial statements does is it puts the context into the whole amount.

We haven't at this point—I mean, there is no revision to the balanced budget legislation itself that I can speak to. We would still be looking for that same characteristic going forward, that the terminology is very clear to somebody who's looking at it without an extensive and technical background. So, if all it is doing is shifting to, for example, a different line that in and of itself is not a complete picture, and it's still using the same term, we'd probably still have a problem with it.

I have no idea if I'm answering your question or not. Maybe your follow-up might help.

**Mrs. Stefanson:** Thank you very much for that. I think what I'm trying to say is I think originally—and I think maybe what you're saying to me, and maybe we can clarify this, is that by moving towards GAAP, it's more of a general overall picture of where the Province is at with respect to its overall operations.

By doing so and by recommending that, is it your intention for the government to strengthen and broaden the scope and to make it more accountable in the changes that are to come?

**Ms. Bellringer:** The other element of it is just what is it that's being disclosed in a summary financial statement and that that bottom line in the summary financial statements is the result of all of the operations under the control of the government. That's the difference between the bottom line in the summary financial statements and the bottom line in what we're glad to see disappearing in terms of the operating fund because it's not the full operation under the control of the government.

That's what generally accepted accounting principles are shifting the focus to, saying that how well those assets under the administration of the government have been managed is measured by that single bottom line in the summary financial statement. It tells you the big picture of those results.

\* (20:30)

Now, that isn't all of the information you're going to need to use to make management decisions or to make other decisions around how well you think certain aspects of the operation have been governed, but it does tell you the bottom line when you look at the bottom line in the summary financial statements. So, as an overall picture, it's the place to look.

If you want to know how much was spent in a—you can look at a single appropriation for a department. You can continue to look at a grouping of appropriations to see what was traditionally shown in the Consolidated Fund. You may choose to look at just, say, education or whatever. Those are still things that you can have the flexibility of doing within the context of those summary financial statements if that's shown in schedules or notes and that kind of thing. So it's not taking away the

management flexibility, but it is giving you that overall picture.

**Mr. Chairperson:** Thank you.

Are we ready to move?

**Mr. Lamoureux:** Mr. Chairperson, I do have a couple of questions that I was wanting to ask, being in a couple of the reports. The first one is in the 2003 report on page 7. But, just prior to asking that question, so the Auditor can take a look at it, I know that the Auditor provides other documents, and one of the documents that I've always found somewhat of an interest is, and I don't know if it's the accounts 2 or 1. It's one of the big, usually blue books that we receive at the office, and it has a listing of all the monies that are being given to Manitobans that are receiving money for salaries, contracts and so forth. Can she just indicate to me what book it is that I'm referring to? I know I've seen the book.

**Ms. Bellringer:** Those are documents that are produced by the Department of Finance rather than by ourselves. We do audit the one regarding the compensation, but we don't audit the one on other expenditures. So maybe the Department of Finance could give you the numbers.

**Mr. Selinger:** Yes. Those are three volumes we publish every year. They are meant to be complete information as per legislation on balanced budget legislation and public sector compensation. There has been some concern expressed that the thresholds for that reporting are becoming out of date like, I think, you have to report any salary over 50,000, and some people—I think we've had comments from various authorities that that number should maybe be reviewed. These are the volumes to the Public Accounts of Manitoba. We publish them through the Department of Finance, volumes 1, 2 and 3, and the one you're referring to is commonly known as the volume 2.

**Mr. Lamoureux:** In just going through the volumes—I'm glad to hear that there's a bit of a review—I would think that one of the things that would be helpful, and I'm not sure if in fact it currently happens, where it's a cumulative total as opposed to you might find an individual's name on one page and then on a different page another maybe contract to a different department. I'm not sure whether or not it's cumulative, but I would just suggest if you're going through a review, that that

would be incorporated. As I say, I just wasn't too sure, and I just wanted to raise that.

The question that I had for the Auditor is in regard to page 7. When you talk about relationships of accountability, how would you explain the relationship, in particular, when we talk about the core departments, other government service organizations and so forth with MLAs, which would be the Legislative Assembly?

**Ms. Bellinger:** Excuse me. Could you repeat the question, please?

**Mr. Lamoureux:** How would you see the relationship in terms of accountability between the core departments, that section there, to the Legislative Assembly?

**Ms. Bellinger:** That's a big question, big in the philosophical sense as well as practical. Certainly, and this model shows, I mean, the obvious relationship between the public elects the Assembly; the Assembly are forming different subgroups, if you will, with more direct responsibility. So, I mean, in a practical sense, you've got an annual plan. You've got that through, whether it's going through the Estimates process or through another budgeting process, depending on what organization you're talking about. So, departmentally, you're seeing the plan through the appropriations. Then, at the end of the year, you've got your annual reporting back through your financial statements and the annual report. The other element of it would be a reporting back on a regular basis throughout the year, which is on a quarterly basis. So we're recommending that you see that on a quarterly basis and that that all be on the same basis. So, again, we're back to the summary-level information, but with a breakdown, so that you can see what's going on within a department.

Certainly, you have other options of how you can access information. We promote something that's a regular—the kind of reporting, both at the budget and as well as the results, that can be integrated within the operation so that it's not something that disrupts operations as an unusual request. The accountability information that you're getting should satisfy your needs on an annual and then quarterly basis. So I don't know, it's a pretty, as I say, big question, so I'm answering it at a very high level.

**Mr. Lamoureux:** I know the Auditor is a person of great authority and the perception from the public is the independence of the office. I think a lot of people

really appreciate that fact. I know I, for one, do also. That's why I'm just trying to get a better sense of that whole issue of accountability. Quite often, we would be approached by a constituent, for example, that would say, here's an issue. We, then, as an elected official, will try to do what we can to rectify an issue, and that means, quite often, we would be talking to a deputy minister or a higher-end civil servant. Again, it could be just stating the obvious, but I would appreciate hearing you state the obvious, because of your title, as to that relationship between civil servant—what sort of expectation is there of an MLA toward a civil servant in terms of being able to respond? Should a civil servant, if in doubt, just say, well, go to the minister's office? Is there any obligation, in your opinion, as to how civil servants in that relationship should be with individual MLAs?

**Ms. Bellinger:** Certainly, it's a combination of theory—and there are a lot of political science people who spend a lot of time studying these things—and tradition. I think, in Manitoba, we have a very constructive and positive tradition. It would be an unusual situation where you can't satisfy an individual by getting the information they need or, and this is my understanding of it, I've certainly never been in your shoes. I don't know if you find that always to be the case.

There's always access to other routes if you're unable to do it through that traditional model. There's certainly freedom of information, so you can access information through that route from time to time. If there are individual issues that are something that is impacting somebody as a single person, we often get calls around issues like that as well. We generally direct them through the Ombudsman's office because that's what that office is there to do. Where it's a pattern of behaviour or a pattern of issues, it's something that we track and then we'll look at from an audit perspective to see if there's something that's inherently missing in the overall process. So we'll look at it that way.

So the MLA, in terms of the accountability to you, as I say, the tradition usually satisfies it, but the system is there to help where there's a difficulty.

**Mr. Lamoureux:** I wanted to then go on to the 2006 report on page 8. There's been a lot of discussion already in regard to the summary versus operating fund. In looking at the summary, I was a bit surprised when I initially saw the graph because I was always led to believe that the summary was in violation of—well, it's subject to debate, I guess—that

the summary was, at one point, in a deficit situation pre-'99. When I look at the graph, that clearly indicates that there always was a balanced budget even if you incorporated the summary prior to 1999. Is that correct?

\* (20:40)

**Ms. Bellringer:** The figures in the graph are annual results. It's balanced prior to '99 according to the graph, then?

**Mr. Selinger:** Yes, if you'll see the little star there, have not been restated. They're balanced under the rules of the day, which allowed them to take a big draw from the Fiscal Stabilization Fund which previous Auditors General said was not really a balanced budget according to accounting rules, if you get my point.

**An Honourable Member:** I know where you're going.

**Mr. Selinger:** No, I'm just trying to say that this graph reflects the rules in place at the time. It doesn't comment on whether they're GAAP-compliant or not.

**Mr. Lamoureux:** Well, I won't go further into that. The graph, from what I understand, includes summary books virtually from 1996. At least that's what it says, right? So, in 2003 and 2004, those are the only times in which the summary, using summary methods, GAAP, where there was a deficit situation, correct? It's just confirming what the graph is saying.

**Ms. Bellringer:** What the minister pointed out is quite true. I mean, each year it's being reported on the basis of—the standards are changing, and when the standards change, there's no going back and restating previous years. So something might be on a different basis in one year from another. He's quite right in pointing out that that didn't go back and state what those restatements were.

So it gets into a technical answer to a technical question being, on the basis that they were reported, these are the figures that were reported in those years, and that is also accurate.

**Mr. Lamoureux:** I wonder if the Auditor, if you can indicate to me in terms of what authority you would currently have today—one of the recommendations talks about allowing the Auditor to be able to investigate or look into the books of anything that

receives government monies. Is that not the case today?

**Ms. Bellringer:** Yes, that is the case. We can audit any recipient of public monies.

**Mr. Lamoureux:** So that would include, for example, if community placements gives a \$3,000 grant, the Auditor would have the authority to be able to go in to investigate. What would you actually be investigating if in one year a community club is given \$3,000 and there's concern expressed as to how that money was used?

**Ms. Bellringer:** In our audit act, it does outline what we can do. We can't go beyond the public money, the provincial public money. I mean, if we're looking at a single grant to an organization, yes, we can follow the dollar all the way through to the grant recipient. Beyond that, we can't. If they're getting money from other sources, it gets into a technical issue from our perspective as well when the monies are commingled as to how far we can audit and what we can look at.

But, in general, we can access, and do quite frequently, pretty much any recipient of public monies.

**Mr. Lamoureux:** Now, everything that you would look into from the Auditor's office, is that ultimately then reported in one form or another?

I'll use a hypothetical situation. If someone says, well, organization X received X number of dollars, and, for whatever reasons, they contact your office and they say it was used inappropriately. You then would, in turn, make a decision as to whether or not to look into it. If you do look into it, there would be some sort of a report on that incident, or do you figure, well, if there was nothing that you saw, then there wouldn't be a report? How does that work?

**Ms. Bellringer:** Our act requires us to report to the Legislature anything that we consider to be of significance. So there are things, certainly, that we look at every day that we don't report every single thing we do every day. But, if there's a reason to believe it's of significance, significance isn't defined. So it isn't necessarily a dollar figure. It can be because of an interest. It can be because we know that it's something that you would like to know the answer to. So, no, we don't report absolutely everything.

**Mr. Lamoureux:** I do appreciate the Member for Brandon for giving me the opportunity to ask some

questions, and not wanting to abuse that because I know we want to rise somewhere around 9, there are a number of recommendations over the years that the Auditor has brought forward and brought back on an annual basis. I can't quite find it right now, but I believe it goes back to '99. Again, is there nothing that predates '99 or are all the recommendations—it seemed to be starting at '99?

**Ms. Bellringer:** That's a very interesting question because technically that's correct. There are no recommendations that predate '99, but I would say there are some recommendations included in the list that were the case prior to '99. So, even in one of the areas that's not included in that recommendation chart that gets followed up every year is the Public Accounts Committee comments because that, actually, we comment in the Public Accounts Committee section in the 2006 report. Some of those go back to 1986, but the tracking of those particular recommendations was started in 1999.

**Mr. Lamoureux:** I'm going to conclude my remarks by complimenting the current Auditor and the initiative that she had taken in terms of providing both myself and my leader the opportunity in the cafeteria or the dining room downstairs to participate in the presentation where she brought in someone from outside the province and would, just in conclusion, encourage us to further develop positive reform that'll make our accounts a whole lot better and more effective. Thank you, Madam Auditor and Mr. Chairperson.

**Mr. Chairperson:** Thank you, Mr. Lamoureux.

Are there any further questions?

**Mr. Borotsik:** A couple more to wrap up. The report, the 2006 report that we have, at the very beginning, and it's quite interesting actually, there are three indicators that you've identified when assessing the financial condition of a government in their sustainability, flexibility and vulnerability. In reading those three indicators, I've noticed that the federal government—you, I assume, Madam Auditor General, have identified that the federal government has set targets for those three different areas of sustainability, flexibility and vulnerability, but you've taken and noted that the Government of Manitoba has not established any target ratios for those three indicators.

Would it be your opinion that the government should establish target ratios or are you just

identifying that comment suggesting that they don't for any purpose?

**Ms. Bellringer:** I would say that it would be very helpful to have target indicators, and, yes, we would recommend that they be established.

**Mr. Borotsik:** I don't recall looking in this report. I have to admit I didn't go through it line by line because it's a fairly in-depth report. Is there a recommendation in here that identifies that those target ratios should be put into place?

**Ms. Bellringer:** I don't believe it's been included in the reports, but you might see one soon.

\* (20:50)

**Mr. Borotsik:** That's sort of foreshadowing like we're going to see a new deputy minister and I'm going to see legislation and I'm going to see a recommendation. So we've achieved a lot out of this meeting already this evening. So I assume, in the 2007 report, there are going to be some recommendations with respect to those indicators.

**Ms. Bellringer:** There would be a technical question as to whether I have the authority through my act to disclose anything in a report that hasn't yet been issued. *[interjection]* There will be a report issued prior to the end of the year on the 2007 Public Accounts.

**Mr. Borotsik:** Thank you, Madam Auditor General. I can read between the lines. I do appreciate those recommendations coming forward, but we don't know just what those recommendations may be. However, in dealing with these three indicators, there is one specific indicator. It's a flexibility indicator and it says quite explicitly here that if there is an increase in that particular flexibility, own-source revenues-to-GDP, there's a negative impact. I assume, and correct me if I'm wrong, that this deals with other sources of revenue, particularly transfer payments from the federal government, I would expect, coming into the revenue of the provincial government. Is that true?

**Ms. Bellringer:** Partly. We need an economist here for this one. The own-source revenues-to-GDP—I believe there is one on Government transfers to own-source revenues. It's a vulnerability indicator.

Government-to-government transfers to own-source revenues which is a more direct relationship that you are describing. The own-source revenues-to-GDP is government revenues, a percentage of income in the economy. So it's broader than just—like

it's the economic measurement as opposed to just your government's percentage of federal transfers.

**Mr. Borotsik:** On that particular indicator, it does suggest that "raising government revenue as a percentage of income in the economy. A steady increase in this ratio is a warning to a government in terms of its ability to increase these revenues in the future." The federal government target is 16 percent which, if identified—you've also said at that point in time that there are no provincial targets that have been established, but if you look at the graph on the flexibility of own source, those percentages are rising. So do I take it, from that graph, that in fact there is an impact here or at least a negative impact that with these percentages rising, there's an inability to have sustainability with our own-source revenues-to-GDP? That's the way I read that graph.

**Ms. Bellringer:** That's their correct interpretation, yes.

**Mr. Selinger:** I don't think you've actually interpreted the graph correctly. The actual own-source revenues-to-GDP declines for three years and then rises for two years. It starts at 26.3; it goes down to 25.6; it goes down to 25.5; it goes back up to 26.2, which is still lower than it was in '05. In '05 it's still lower than it was in '02 and then it goes to 27.3. So I think an accurate description of the graph would be that it is a curve where it starts high, it goes down and then goes up again. It does not steadily rise every year.

**Mr. Borotsik:** I see that: 26.3 to 25.5 is a decrease. I appreciate that. I can read that. What I am getting at here is certainly it has decreased in previous years but, in the year 2005-2006, it has increased and the way I read the graph, that increase is a negative. The federal government's target is at 16 percent and we're sitting now at 27.3 percent which means that they have certainly more flexibility as a federal government right now with respect to own-source revenues-to-GDP than what the provincial government has. The Auditor General is nodding her head and she did confirm that already, that that is, in fact, the way that graph is read. So I'll leave it at that.

Again, if I can, Mr. Chairman, I would suspect that a lot of this is the transfer payments, but, as the Auditor General has already pointed out, there are other indicators that indicate that the transfer payments are going up and I don't think anybody around this table would disagree with that. All we have to do is look at the financials and know that there is more dependence on transfer payments right

now in the provincial government than there has been in the past, and those transfer payments are increasing quite substantially and have increased quite substantially since 2003. So that's why you see that graph going up.

**Mr. Selinger:** Actually, I don't think that's accurate. The transfer payments, as a percentage of GDP, have hovered around between 19 percent and 20 percent for several years. They haven't actually dramatically gone up, not up in proportionate terms. There have been increases in absolute terms, but there has been an increase in absolute terms in terms of the size of the economy. So, when you put it back into a ratio, it's fairly steady. As I've indicated, I believe, in the Estimates, the growth in transfer payments has been far higher in percentage terms to provinces such as Alberta and Ontario than they have been to provinces like Manitoba.

**Mr. Borotsik:** We can talk to the total transfer payments. I don't have the Alberta numbers, but if we look at the equalization, we can say in absolute terms there have been substantial increases in the equalization payment to Manitoba over other provinces. Certainly, Alberta does not receive an equalization.

**Mr. Selinger:** No, that again is not accurate. There have not been substantial increases in equalization to Manitoba compared to other provinces. Most other equalization provinces have seen substantially more equalization come to them than Manitoba has, and in particular, the provinces of Newfoundland and Nova Scotia who have had a side deal where they've got to keep all of their equalization revenues in addition to their natural resource revenues.

**Mr. Borotsik:** I won't carry on this debate. I'm sure there's another venue that we can have this debate and the Auditor General really doesn't care about that, but, certainly, our equalization has been substantially more than those of Saskatchewan, which have been reduced quite dramatically over the last little while, but we're not—I won't carry on this debate now but—

**An Honourable Member:** I have to correct that—

**Mr. Chairperson:** No, no. Mr. Borotsik still has the floor.

**Mr. Borotsik:** That's fine, I'll—

**Mr. Selinger:** No. I mean, what you have to understand is that equalization actually was

diminishing as a proportion of national revenues, national GDP and national revenues, for several years. As a matter of fact, the entire basis of equalization was undermined when it was turned into a block grant under the previous Martin government, and then was only restored to what it used to be 25, 30 years ago very recently in the last-second last budget of the current federal government.

**Mr. Chairperson:** I'm just going to ask that the questioner and the responder perhaps come back to the relevance of the Auditor General's report, please. Thank you.

**Mr. Borotsik:** I do appreciate the debate. I appreciate bringing us back to relevance to the Auditor General. This will be directly to the Auditor General. I do appreciate the reports that have been tabled previously by the Auditor General. I know she and her department put an awful lot of effort and a lot of energy into those reports and, hopefully, we'll be able to get to some at this committee and pass some in the not too distant future. However, in saying that, just as a philosophical question, I do know that the Auditor General is very capable in her accounting process and following dollar to dollar. She just identified that with going with the hypothetical question that was asked by Mr. Lamoureux following a dollar to dollar from department to recipient.

Does the Auditor General feel that she has the mandate or the ability to do what's referred to as a value-for-dollar audit? Is the department prepared to identify certain programs, certain departments that you could go and do a value-for-dollar audit should you identify one?

**Mr. Chairperson:** Before the Auditor General answers the question, I would like to ask the committee whether there's a will to not see the clock for a few minutes so that the Auditor General can conclude her response, and then we can deal with the matter of passage of the reports? *[Agreed]* Thank you.

**Ms. Bellringer:** Philosophically, yes, we do conduct value-for-money audits. We have the methodology. There've been reports that have been issued and we do them in practice. There is no question that additional resources would result in more value-for-money audits. We undertake our statutory responsibilities first, so we're required to audit a number of financial statement audits and that's where our resources go to first. We also have a special audit group that deals with special requests. It's more

investigative in nature and our staff complement in that area is adequate.

If this question has anything to do with our budget request, then we certainly think that additional resources in the value-for-money area could be used.

**Mr. Chairperson:** Thank you. Now, ladies and gentlemen, we had previously agreed that we would rise at 9 o'clock. What is the will of the committee?

**An Honourable Member:** One very important question.

\* (21:00)

**Mr. Chairperson:** What is the will of the committee?

**Mr. Maguire:** Well, if there would be indulgence by the committee, I was just wanting to make a reference to the minister in regard to the answer that he had—and just one quick question in regard to the procedures.

**Mr. Chairperson:** What is the will of the committee? Should Mr. Maguire be allowed to ask his question? *[Agreed]*

Mr. Maguire, one short, concise question.

**Mr. Maguire:** I appreciate my colleagues across the way for allowing this. The transfer payments, the ratios that the minister was talking about, if you were using that as an analogy—and it struck me as he was giving that answer in regard to where ratios would be if, in 1995, we had an \$8-billion debt and the debt, under the debt retirement legislation, we were legislated to pay off \$90 million a year. Now that the debt is over \$20 billion, two and a half times, would he be looking at bringing in a minimum of \$225 million in debt payment on an annual basis as well?

**Mr. Selinger:** First of all, there is not \$20 billion of debt. There's \$11.1 billion of net debt. We've increased our payments from \$75 million to \$110 million for debt retirement every year.

**Mr. Chairperson:** Thank you. Regarding the question of witness notification discussed earlier this evening, our Clerk has requested that I get the following agreement on record before we rise.

Is it agreed that when Public Accounts meetings are announced, either in the House during session or by letter when the House is not sitting, the names of witnesses requested will be announced along with the reports to be considered and the date and time of



the meeting? The witnesses will then be notified in writing by the Public Accounts Committee Clerk. Is it agreed? *[Agreed]* Thank you.

Auditor General's Report, Audit of the Public Accounts for the year ended March 31, 2003—pass.

The Auditor General's Report, Audit of the Public Accounts for the year ended March 31, 2004—pass.

Shall the Auditor General's Report, Audit of the Public Accounts for the year ended March 31, 2006, pass?

**Some Honourable Members:** No.

**Some Honourable Members:** Pass.

**Mr. Chairperson:** No? The report is not passed.

The hour being 9 o'clock, what is the will of the committee?

**Some Honourable Members:** Committee rise.

**Mr. Chairperson:** Before we rise, it would be appreciated—*[interjection]* Excuse me. Order, please. Before we rise, it would be appreciated if members would leave behind any unused copies of reports so they may be collected and reused at the next meeting.

Merry Christmas and committee rise.

**COMMITTEE ROSE AT:** 9:03 p.m.

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