

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

Chairperson
Mr. Jack Reimer
Constituency of Southdale

Vol. LV No. 3 - 1 p.m., Tuesday, September 7, 2004

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Eighth Legislature

Member	Constituency	Political Affiliation
AGLUGUB, Cris	The Maples	N.D.P.
ALLAN, Nancy, Hon.	St. Vital	N.D.P.
ALTEMEYER, Rob	Wolseley	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
BJORNSON, Peter, Hon.	Gimli	N.D.P.
BRICK, Marilyn	St. Norbert	N.D.P.
CALDWELL, Drew	Brandon East	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
CULLEN, Cliff	Turtle Mountain	P.C.
CUMMINGS, Glen	Ste. Rose	P.C.
DERKACH, Leonard	Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary, Hon.	Concordia	N.D.P.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
EICHLER, Ralph	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin	Steinbach	P.C.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HICKES, George, Hon.	Point Douglas	N.D.P.
IRVIN-ROSS, Kerri	Fort Garry	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
JHA, Bidhu	Radisson	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
LOEWEN, John	Fort Whyte	P.C.
MACKINTOSH, Gord, Hon.	St. Johns	N.D.P.
MAGUIRE, Larry	Arthur-Virden	P.C.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McGIFFORD, Diane, Hon.	Lord Roberts	N.D.P.
MELNICK, Christine, Hon.	Riel	N.D.P.
MITCHELSON, Bonnie	River East	P.C.
MURRAY, Stuart	Kirkfield Park	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
OSWALD, Theresa	Seine River	N.D.P.
PENNER, Jack	Emerson	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack	Southdale	P.C.
ROBINSON, Eric, Hon.	Rupertsland	N.D.P.
ROCAN, Denis	Carman	P.C.
RONDEAU, Jim, Hon.	Assiniboia	N.D.P.
ROWAT, Leanne	Minnedosa	P.C.
SALE, Tim, Hon.	Fort Rouge	N.D.P.
SANTOS, Conrad	Wellington	N.D.P.
SCHELLENBERG, Harry	Rossmere	N.D.P.
SCHULER, Ron	Springfield	P.C.
SELINGER, Greg, Hon.	St. Boniface	N.D.P.
SMITH, Scott, Hon.	Brandon West	N.D.P.
STEFANSON, Heather	Tuxedo	P.C.
STRUTHERS, Stan, Hon.	Dauphin-Roblin	N.D.P.
SWAN, Andrew	Minto	N.D.P.
TAILLIEU, Mavis	Morris	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

Tuesday, September 7, 2004

TIME – 1 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON– Mr. Jack Reimer (Southdale)

VICE-CHAIRPERSON – Mr. Jim Maloway (Elmwood)

ATTENDANCE - 11 – QUORUM - 6

Members of the Committee present:

Hon. Messrs. Gerrard, Selinger

Mr. Aglugub, Ms. Irvin-Ross, Messrs. Loewen, Maloway, Martindale, Mrs. Mitchelson, Ms. Oswald, Mr. Reimer, Mrs. Taillieu

APPEARING:

Mr. Len Derkach, MLA for Russell
 Mr. Jon Singleton, Auditor General of Manitoba

MATTERS UNDER CONSIDERATION:

Provincial Auditor's Report on Compliance and Special Audits for the fiscal year ended March 31, 2001

Public Accounts Volumes 1, 2 and 3 for the fiscal year ending March 31, 2002

Public Accounts Volumes 1, 2, 3 and 4 for the fiscal year ending March 31, 2003

Auditor General's Report – Value-for-Money Audit, Student Financial Assistance Program dated September 2002

Auditor General's Report – Audit of the Public Accounts for the year ending March 31, 2002

Auditor General's Report – An Examination of RHA Governance in Manitoba, January 2003

Annual Report of the Operations of the Office of the Auditor General for the fiscal year ending March 31, 2003

Auditor General's Report – Follow-up on Previously Issued Recommendations on Business Planning and Performance Measurement Report dated December 2003

Auditor General's Report – Audit of the Public Accounts dated March 31, 2003

Auditor General's Report – Information Technology Report dated March 2004

Mr. Chairperson: Will the Standing Committee on Public Accounts please come to order. The business referred to the committee for consideration this afternoon are the following reports: the Provincial Auditor's Report on Compliance and Special Audits for the fiscal year ending March 31, 2001; Public Accounts Volumes 1, 2 and 3 for the fiscal year ending March 31, 2002; Public Accounts Volumes 1, 2, 3 and 4 for the fiscal year ending March 31, 2003; the Auditor General's Report – Value-for-Money Audit, Student Financial Assistance Program dated September 2002; Auditor General's Report – Audit of the Public Accounts for the year ending March 31, 2002; Auditor General's Report – An Examination of RHA Governance in Manitoba dated January 2003; Annual Report of the Operations of the Office of the Auditor General for the fiscal year ending March 31, 2003; Auditor General's Report – Follow-up on Previously Issued Recommendations on Business Planning and Performance Measurement Report dated December 2003; Auditor General's Report – Audit for Public Accounts dated March 31, 2003; Auditor General's Report – Information Technology Report dated March 2004. Copies of the reports are on the table for committee members.

Further on August 31, 2004, the Clerk Assistant of this committee had circulated a letter to committee members requesting that members submit items or questions requiring detailed answers at the committee meeting.

The Clerk Assistant did receive a proposed list of agenda items which was circulated to all committee members. These agenda items were circulated to committee members on Friday, September 3. As well, copies of the items have been placed on the table before you. Therefore, prior to opening statements, perhaps the committee at this point should consider the proposed agenda before it.

Did the committee wish to adopt the agenda items submitted by Mr. Loewen in addition to the items already referred to at this committee? *[Agreed]*

Mr. Doug Martindale (Burrows): I think we should agree with the understanding that we consider the Auditor's reports first and, when we get through those, then we would consider Mr. Loewen's questions for a discussion.

Mr. John Loewen (Fort Whyte): Well, quite frankly, it is preposterous. I mean, the Clerk sent out a letter requesting if there was information or questions that needed to be brought before this committee in order to get detailed answers. I did that. The questions are before the committee. We have the Auditor General and his staff here. They are dealing with an issue that has been skirted around by this committee since I was first appointed to it in 1999, and it is time that we dealt with these issues. It is time that we got an update from the Auditor General and the Chair of Public Accounts, not only on outstanding items with regard to how this committee can be better prepared to perform its duties but in terms of what they heard at their conferences. They are very straightforward questions. I would believe that we should deal with those first, because they will set the tone in terms of how this committee is able to function on a better basis going forward. Those are the very first items, I think, that we should deal with on this agenda.

Mr. Martindale: I think some of the items, Mr. Chairperson, need to be referred to the House leaders for discussion, and therefore we need to have a discussion about what the best way to deal with them is. That is probably going to take some time. In the meantime, we have outstanding reports going back to 2001, and I think we should deal with them first. We do not know if the opposition has questions about them or not. I mean, we could be talking about passing them quickly, and it might take only a few minutes. You might want to get into them in detail, and it might take some time. We might even want to

set a special meeting to discuss the proposed questions of the member because some of them have to do with procedures regarding the committee, and those would have to be referred to the House leaders. I would reiterate that we deal with the items on the agenda first and then your questions later.

Mr. Loewen: Again, Mr. Chair, just to reiterate, this committee established a process back in the early nineties in terms of requesting that members of the committee bring forward questions they have that will require detailed answers prior to the committee meeting. I have done that. They are reasonably straightforward questions. I would like answers to those questions, and I would think, given that we have the staff here that we do, the Auditor General and his staff, it is an appropriate time to get those questions answered. Those questions are directed to the Auditor General. It is an opportunity for him to share his views with this committee on how it can deal with some of these situations that have been sitting around for well over five years in terms of when the initial recommendations came forward in 1997.

* (13:10)

Why would we refer them to the House Leader? It is not the House Leader that has the answers to these questions. It is the Auditor General, his staff and the Chair of this committee. It is very straightforward. Deal with the questions. Let us get these issues out of the way. We can then decide as a committee how we want to move forward on any recommendations the Auditor General might make. On that basis we will be able to proceed. The Auditor General will be giving us advice on how we can proceed with dealing with some of his reports. Why would we want to deal with those reports prior to receiving the advice from the Auditor General?

Hon. Greg Selinger (Minister of Finance): In a letter that was sent to your House Leader by our House Leader on September 3, he indicates that the rules and practices governing the committee were unanimously confirmed by the House in August, 2002, so the official opposition and the government by consensus agreed on a new set of rules in August, 2002. Those are the rules we are operating under today.

We have reports here dating back to 2001 that have not been dealt with yet and we have been

anxious to move forward on those. I think these questions are worthwhile pursuing, but I think it is also worthwhile pursuing the many, many reports that have been referred to this committee and have been left without being cleared by the committee.

My feeling is that we should deal with some of those reports. We have doubled the amount of time this afternoon. We are not doing a two-hour meeting like we normally do. We are doing a four-hour meeting today from one to five o'clock or whatever the will of the committee is. This gives us quite a bit of time to deal with all of these items, and we can do it in an orderly fashion. These items were referred before your questions were referred to the committee. I would suggest we proceed in an orderly fashion and deal with the reports and then deal with the questions with double the amount of time we have.

Mr. Loewen: The whole problem with this committee, and the Finance Minister has got right to the nub of it, and that is the unwillingness of the current government to be accountable for what is taking place under their government.

We have a report in the paper today where the Auditor General is reaffirming his statement that this is the weakest Public Accounts Committee in all of Canada, not something we should take lightly at this table or that we should take any pride in. I am not asking for rule changes in the questions. I am simply asking the Auditor General to give us his view on recommendations he made in 1997.

The reasons why reports sit here and sit here, there are a number but the primary ones are the House Leader is responsible for calling the committee. He refuses to call it more than four times a year so we do not have time to deal with the reports. But the other big issue is we never get departmental staff or ministers at the table who can actually answer questions on these reports. Being that you are in government and obviously taking a partisan view to this committee, it is in your best interest I would assume, and that is the road you are going down to try and get these reports jammed through an ineffectual committee that does not have access to the proper resources in order to get questions answered on these very serious issues the Auditor General has brought to the attention of this committee.

My questions do not call for rule changes. They call for advice from the Auditor General on how this committee can be brought into the current century, how it can be reformed and amended in order to ensure that government is held accountable and the answers to the questions and the issues his office brings forward in these reports are dealt with in a proper fashion. To go ahead and simply say we are not going to deal with any changes until we are able as a government to ram these reports through this committee in an ineffectual manner I think is just an attempt by the current government to sweep them under the carpet and to ensure that the proper questions do not get answered.

So, again, I think it is critical that we get answers to the questions that I have posed here and then we, as a committee, although it is obvious from the two statements we have had from the government side to date that they are not willing to consider any changes even though they have been recommended time and time again by the Auditor General in terms of how this committee would be better served by making some changes and reforming the process as it now stands.

So, you know, the minister can point to correspondence he wants from the House Leader but all this letter indicates is the dictatorial position that the House Leader has taken toward this committee. The House Leader refuses to allow the Chair and the Vice-Chair to determine when meetings will be called. The House Leader wants to maintain the right to call meetings as he sees fit, thus limiting the ability of this committee to either meet on a regular and consistent basis or have the resources at hand in order to get answers to the questions needed. Other than that, the letter simply has veiled threats that if this committee should ever consider calling witnesses that somehow the government would get us back by going back into the past and calling former premiers and former ministers to the table, somehow trying to use that as leverage for this committee to not do the proper thing which is listen to the advice given to it by the Auditor General and get on with the business of reforming the committee so that it can operate in an effective manner.

Mr. Martindale: I would like to disagree with the member of the opposition on terms of accountability. There is no question that this government is willing to be accountable for all the spending. That is what these reports are about and that is what we want to

consider. Where we have a disagreement is really in the area of procedure. We want to deal with these reports first and then with your questions. So it is not a question of accountability. It is a matter of the procedures of this committee and what the committee decides is appropriate to deal with today or not.

Mr. Loewen: The member can spin it any way he tries to see fit but reality is there are some questions that I have posed that I would like some answers from the Auditor General and some advice from the Auditor General. They do not pose any threat to how this committee operates at the present time. They are questions that could be answered relatively quickly. I would not think they would take a whole lot of time and they would give us a better idea of what the committee should be looking at in terms of moving forward. All they are is an attempt to make the committee more effective and for the life of me, other than for political partisanship, I cannot understand why the members opposite would not want to hear the Auditor's views on a number of these questions.

Why would you not want to hear from the Auditor General and the Chairman of this committee on what they have found out from the national conferences that they both just recently attended? These are conferences that the Chair was at, that the Auditor General was at. I presume that they were there on business and have taken away some meaningful information from those conferences, and as a member of the committee I would like to hear what it is. I think it is important that we hear, as a committee, what is going on in the rest of Canada. I am sure that they have learned a lot at these conferences, and I am simply asking them to share that with this committee.

I am also asking the Auditor General some six questions regarding recommendations that he put forward to this committee in 1997 in terms of the effective operation of this committee. We see today in the newspaper where the Auditor General has indicated that this committee is not functioning very well compared to what else is going on in the rest of Canada. If the members opposite do not want to hear his opinion, if they insist on stifling the Auditor General and they do not want to hear his views then, quite frankly, what is the point of the committee meeting at all if we are not going to touch on those simple basic issues?

As I said before, it is obviously just an attempt by the government to try and ram some reports through this committee in order to somehow give the impression that they have had a thorough looking at when in fact those on the government side and in particular the minister sitting at the head of this table knows full well that they will not get proper scrutiny under the present operating format of this committee. It is simple questions, eight simple questions that have been posed by me that we could have dealt with probably in the time that we have wasted going back and forth arguing whether or not the Auditor General should be allowed to answer them.

* (13:20)

Mr. Selinger: Again, the '97 recommendations from the Auditor General were dealt with by the opposition in a consensus manner with the government in August 2002. The member keeps skipping over that point that his official opposition, which he is a member of, agreed to a new set of House rules in August 2002. Now he wants to reverse that decision that was made just two years ago and go back and redo that. That was the decision that was made then.

We have not said we do not want to consider these questions. We would be happy to consider them again. What we have said is that under the rules you agreed to in 2002, there are several reports here that have not been dealt with yet and we have been very patient in waiting for the opposition to be comfortable in dealing with them. We have dealt with them in part.

In the last two years we have had a minimum of four meetings a year, which is at least double if not quadruple what the members had when they were in government. These reports are on the orders of the day for today. We are ready to deal with them again.

We were trying to organize a meeting in August. Members were not available to meet then. We tried to get going this summer on meeting on these matters. This is the earliest that everybody was available to meet.

Point of Order

Mr. Chairperson: Mr. Loewen, on a point of order.

Mr. Loewen: Point of order. I mean I appreciate the fact that the minister wants to pick up on the spin

given by the House leader about their inability to call a meeting in August because members of the committee were not available.

I would simply remind the minister and the House leader that the Chair of the committee, the Clerk and the Auditor General were attending national meetings related to the working of this committee. So if this minister wants to sit here and try and put information on the record that somehow they are above the process by the fact that they tried to call a meeting when they knew full well that the Chair, the Auditor General and the Clerk were away at a national conference, I mean that is the height of ludicrousness and I think that the minister ought to take that into account before he tries to expand on it any further.

Mr. Selinger: Well, the member opposite, first of all, does not have a point of order. He is just using a point of order to abuse the rules of the committee again.

Members were not gone during the entire month of August. The member opposite may have been on holidays the entire month of August but many of the rest of us were available.

Mr. Chairperson: On the point of order, the member did not have a point of order. It was just a dispute over the facts.

* * *

Mr. Chairperson: At this time I would just like to point out that, going back to 1991, there was the consensus on the opinion of the committee at that time that written agenda items could be submitted for questions in regard to upcoming meetings. In fact, it was done in 1997 by Mr. Sale that was then brought forth for discussion.

Agenda items from the 1991 ruling or interpretation was that agenda items could be brought forward for discussion. So the items can be brought forth for discussion. I guess where we are sitting right now is whether they are discussed now or before the committee reports or after the committee reports. I believe this is where the discussion is right at this moment. As pointed out by the Clerk here, the 1991 decision still stands to bring forth agenda items.

Mr. Leonard Derkach (Russell): Mr. Chair, in the amount of time we have spent debating this

particular issue, we could have heard from both yourself and the Auditor General with regard to the conferences and with regard to the questions that were posed by our caucus, specifically Mr. Loewen, to the Clerk.

The Minister of Finance is attempting to make the case that in fact it is the opposition that is holding up the Public Accounts. If he were to search his records he would find that his Premier (Mr. Doer) received a letter from the Leader of the Opposition (Mr. Murray) requesting that the Public Accounts and the House come back to deal with issues that are before the public.

Mr. Chair, if the Premier had decided to call the House back in August or September, the opposition would have been here and ready to go to work. But the reality is the government does not have an agenda, does not want to come back into the House and so, therefore, they rely on rules that perhaps outline sort of the extremities in terms of when the House returns and when and how many time Public Accounts Committee meets.

But, Mr. Chair, I can tell him, as the Opposition House Leader, that indeed we were ready to go to work whenever the government chose to do it. But calling a Public Accounts Committee in the week when the Chair of committees and also the Auditor General as well as the Clerk were away is inappropriate. A week did not make a massive amount of difference to the number of reports that have to be considered. I would submit that hearing from the Chair of the Public Accounts Committee right now in terms of the conference he attended and also from the Auditor General would be appropriate. We have done this before when members of the Legislative Assembly and also civil servants have been away to conferences. We have only been too happy to hear reports from them so that we could learn from them and glean something from the activities that they undertook while they were away.

I do not see the problem here. It seems like the opposition caucus is prepared to go to work, is prepared to listen to the reports and then we will get on with the passing of the reports following that, Mr. Chair. But, indeed, the next half hour, the next hour is not going to make a difference in whether or not any one of these reports are held up for an hour or not. So I think it is a very silly point of view from the government to say that we cannot hear from these

individuals at this time. I think they should reconsider their position at this time.

Hon. Jon Gerrard (River Heights): Mr. Chairman, there is an alternate approach here and that is that we could start and spend a couple of hours on the reports that are before us at the top of the agenda and we could then move to the questions. I think it is very important that we have some time firmly allocated for the questions today, but if we were to start on the reports and go till 3:30 and then go to the questions, I think that would be a reasonable compromise and I would suggest that.

Mr. Selinger: I think the suggestion from the Member for River Heights is a reasonable one. If we could get started on the reports and at 3:30 consider the questions, I think that would be a reasonable compromise.

Mr. Loewen: Again, I will just refer back to the letter that was sent to all committee members, dated August 31, from the Clerk Assistant regarding the process it was to undertake. It did list the agenda and on page 2, the recommendation in the first paragraph, the last sentence, the recommendations included the use of a working agenda and the provision of notice of questions requiring detailed answers in advance of the meeting whenever possible, which has been the practice of this committee. I did not send in agenda items. I sent in questions that I was looking for detailed answers in order to give not only the Chair of the committee but the Auditor General an opportunity to be prepared as we have been asked to do on every occasion that I know of in the calling of this committee to answer questions that members of the committee would like to have asked. In my view, it does not require a change to the agenda. It is just a matter of getting questions answered that we were asked to bring forward.

It is a straightforward process, one I think that worked in 1997 if I am being advised properly, that Minister Sale brought questions before the committee and the questions were answered. It does not require a huge change to the agenda. It just requires the answering of questions. Maybe if we are going to continue with this process going forward of asking members of the committee to bring forward questions requiring detailed answers, we should at least have the courtesy on the agenda to have a time when those questions will be answered.

With regard to the Member for River Heights' proposal, again, with all due respect, I think the appropriate way to go would be to get answers to the questions right at the start of the meeting, because I think they will have a reflection on what this committee decides to do in terms of operation and how they handle the reports.

I would remind the minister that the Auditor himself, and I am quoting from his own report and this is subsequent to the rules being changed by the House. I quote, "However, we continue to believe that further reforms are warranted."

* (13:30)

Obviously, the Auditor General has laid a report before this committee that indicates that in his view further reforms are warranted. He goes on to specifically list some of the reforms he believes need to be undertaken in order for this committee to operate in an effective manner. I am simply suggesting it is time to hear once again we are now two and a half years down the road from when the Auditor made those suggestions to this committee and for some reason the government side is refusing to open up the dialogue with the Auditor General on what his views were then and how they may have changed and what he may recommend now, particularly after just returning from a national conference. My only question to the minister and to the members opposite is what are you afraid of.

Mr. Chairperson: A recommendation has been made by Mr. Gerrard. Mr. Gerrard, do you want to make that into a motion at this time?

Mr. Gerrard: Yes, I would so move.

Mr. Chairperson: It has to be in writing, unfortunately, so if you could just put it on a piece of paper and the Clerk will pick it up.

I will read the motion.

The Member for River Heights moves

THAT the committee consider reports on the agenda until 3:30, and at 3:30 p.m. the committee move to consider the questions submitted by the MLA for Fort Whyte, Mr. Loewen.

The motion is in order. Those in favour—

Mr. Loewen: I would just like to speak to the motion.

Mr. Chairperson: Yes, the motion is debatable.

Mr. Loewen: As I said, I disagree with the form this motion is taking in terms of timing, but perhaps we could as a committee give the courtesy to the Auditor General to give us his view on how he would recommend these issues be dealt with in the future.

Mr. Martindale: I would like to speak in favour of the motion. I think it is a good compromise that allows us to begin the work of the committee looking at the Auditor's reports and still allows us the possibility of beginning discussion of Mr. Loewen's questions and asking Mr. Singleton for his views on those questions.

Mr. Chairperson: The motion is before the floor.

Voice Vote

Mr. Chairperson: All in favour of the motion, please signify by raising your hands. Just say yea.

Some Honourable Members: Yea.

Mr. Chairperson: All opposed, say nay.

Some Honourable Members: Nay.

Mr. Chairperson: The motion is hereby carried.

* * *

Mr. Chairperson: We will now proceed with considering the reports, and at 3:30 we will move into the questions brought forth by Mr. Loewen.

I will now invite the honourable Minister of Finance to make an opening statement, and I would ask him to please introduce officials in attendance.

Mr. Selinger: Yes, thank you. I will dispense with an opening statement in the interest of getting on with these reports, but I will introduce my officials.

I have the Acting Deputy Minister of Finance, Mr. Boschmann, the provincial comptroller, Mr. Gaudreau, and some of his support staff.

Mr. Chairperson: I thank the minister.

Does the critic for the Official Opposition have an opening statement?

Mr. Loewen: Yes, I do. Thank you, Mr. Chair. Again, I just want to reiterate my disappointment in the government members of this committee of refusing to allow the Auditor General at the start of this committee to give us an update in terms of the conference that he and the Chair of the committee just attended but more importantly for refusing to allow the Auditor General the opportunity to answer some very straightforward questions on an issue that he has been, in good faith, attempting to deal with for many, many years and in particular since 1997 when he first brought the recommendations to the committee. I think, quite frankly, the members on the government side that sit on this committee should be embarrassed and ashamed of their actions so far at this committee.

We have, again, reports in the paper today of the Auditor's commenting on the ineffectiveness of this committee and its inability to hold the government into account because it is unable to meet.

We have a situation where the House Leader basically, on the government side, is dictating when this committee will sit, what form it will take and what opportunities this committee has in terms of getting to the bottom of these issues by being able to ask questions of the departmental staff that has the answers.

This is a government that is refusing, even after requests from the opposition, to allow departmental staff to be called before this committee to deal with the issue, basically refusing to go forward with the Auditor General's recommendations in terms of the removal of the Minister of Finance off this committee. Quite frankly, the minister needs to take responsibility for his actions as well.

This is the only Public Accounts Committee in Canada that has the Minister of Finance sitting at the table. If it is truly his desire to be open and accountable, he should realize the importance of the Auditor General's recommendations. He should do the proper thing and resign from this committee immediately and also do what needs to be done at his caucus level and within his party to ensure that the committee is allowed to take very, very seriously the continued reforms and the continued recommendations that the Auditor General sees as warranted.

In a report in 1997, I believe the Auditor General indicated that in order to have an effective Public Accounts Committee that we needed to meet more often. In that very report and in a follow-up to it he gave us a chart of how often Public Accounts Committee meetings are held in other provinces across the country, and that is just for an example. No wonder that this government is stifling this committee's ability to reform itself.

On average, public accounts committees in other jurisdictions, I think, met 44 times a year. That is more days than our Legislative Assembly sat. I mean this is an open and accountable government. You will not even call the Legislature in for as many days as the average of Public Accounts from other provinces. It is farcical. For members of the government to sit here and say that, well, we do not want to deal with questions, and I would reiterate not agenda items but simple questions to the Auditor General and the Chair of this committee. You know, there is absolutely no justification for their behaviour. This committee is here to scrutinize the operations to hold government accountable. Yet at the same time the government members on this committee are stifling any progress that this committee might make, and they do it time and time again.

This is not a committee that should be run by the House Leader of the governing party. I mean, take the politics out regardless who is in power and who is not. This is a committee that should have authority in the Vice-Chair position as the Auditor General has recommended. It should be able to hold the government to account by I believe not only calling departmental staff but also by calling elected officials to come before this committee and answer very straightforward questions and be accountable for what they have done or have not done in all of the issues that the Auditor General brings before this committee. Until this committee wakes up and recognizes that, until we get to that stage in the province of Manitoba, then basically what we have is a nonsensical committee that sits here and looks at reports, asks questions that will only be answered by the Minister of Finance (Mr. Selinger) on the government's behalf on issues that he basically has nothing to draw on except briefing notes that he has been given by his political staff in order to put the correct spin on the issues that the Auditor General has raised with this committee.

* (13:40)

We need to call witnesses to this committee where necessary. We need to hear witnesses under oath. That is the only way we are going to get to the bottom of these very, very significant issues that have been brought before us by the Auditor General and his staff. Quite frankly, there is no point, in my view, in going through any of these reports until the committee has the courage to reform itself and approach the scrutiny of these issues in a way that will hold the government and all those involved to accountability.

Having said that, Mr. Chair, I do believe we are prepared to move forward as the committee has voted and deal with some of the issues that are before us. Again, we are not at this time prepared to pass every report and I realize that members opposite will say, "Well, they are old. They are outstanding. We need to get by them. We need to get past them."

I will remind all members that these reports deal with very, very serious issues, that this committee is tasked with getting to the bottom of those issues, and the only way we will be able to do that I believe is by the calling of witnesses so that we can understand fully what has gone on and what has not transpired at the departmental level, not only prior to the issuing of reports but in many cases in terms of follow-up to the recommendations that the Auditor General has made because that is another problem with this committee that I have identified before. We have no means once the report has passed through this committee. We have very little means at our disposal in order to follow up on whether recommendations that the Auditor General and his department have made have been followed up in a suitable fashion.

I will conclude my opening comments with that and I will look forward to 3:30 when we will receive the answers to the questions that I have posed as was requested of me from the Auditor General and from the Chair of the committee.

Mr. Chairperson: I thank the member for his opening statements.

Mr. Singleton, do you have some opening comments?

Mr. Jon Singleton (Auditor General of Manitoba): Mr. Chair, I will just make a couple of brief comments mindful of the discussion that has

been taking place at the committee for the last several minutes.

First, I will start with a procedural thing and ask you and the committee to consider this as we go through these reports. If it is the will of the committee, I would be prepared to take three or four minutes to summarize each chapter or each report to sort of get the focus on what I see is the key issue. If that was not the will of the committee, we can just proceed to ask questions, but I will put that offer on the table that I would be prepared to do that for each item.

Secondly, I guess I would just suggest to the committee that in the time of looking at these old reports they take this opportunity to look at this as a bit of an opportunity to screen the reports and the chapters. There may very well be some chapters for which the committee feels it is now old enough or stale dated enough that they would not be a valuable use of their time to spend a lot of time considering the chapter. There may be other chapters where the committee has a lot of questions or they might want to be doing things like requesting a written follow-up from departmental management on recommendations that were made some time ago or where they might wish to consider inviting a departmental official to answer their questions about the report.

It might be those chapters within reports or those particular reports that would be deferred. In the meantime, those that the committee is prepared to pass because of either being stale dated or not being a priority, at this point in time I think that would be a useful move forward of the work of the committee.

Mr. Chairperson: The Auditor had made suggestions as to the procedures. What is the will of the committee? Is it the will of the committee to have the Auditor follow up on what he has talked about?

Mr. Selinger: Generally, I think those are good suggestions from the Auditor General. Several of these reports we have had some pretty thorough discussion of already. So I am wondering if we can just remember that we have done that and where we have gone over the ground, identify areas of new questions or other things that we wish to find out about that report, and, as the Auditor said, if we are comfortable with the information we have and the follow-up on it, then we can pass it. If not, we should find out what additional information is required and get it.

So I would just say that just because the reports have not been passed does not mean that we have not dealt with them. We had four meetings last year, four meetings the year before that, and we did deal with a number of these items.

Mr. Gerrard: I agree that we need to reform the committee process. I think that we should get on with the business of committee. I certainly have some questions on the first Provincial Auditor's Report on Compliance and Special Audits for the year ended March 31, 2001, and I would like to get on with that.

Mr. Loewen: I would like to thank the Auditor General for his advice and comments. I think he has posed some good advice to this committee. There are a number of issues included in virtually all of these reports that I think require further investigation that would serve this committee well by having, as the Auditor General has suggested, departmental staff here to answer questions on a lot of these issues.

I would suggest, for the sake of moving forward, that we alter the agenda somewhat to deal with in particular the issues of the statements of Public Accounts for March 2002 and March 2003 that are on the agenda, as well as the issue regarding the audit of the Public Accounts, as we have the Auditor at the table. I think we can deal with most of the questions we have on all of those reports with the Auditor and the minister before us.

So, in terms of process, I would recommend that we deal with it in this order: firstly, Public Accounts Volumes 1, 2 and 3 for the Fiscal Year ended March 31, 2002; secondly, the Auditor General's Report – Audit of the Public Accounts for the year ending March 31, 2002; thirdly, Public Accounts Volumes 1, 2, 3 and 4 for the fiscal year ending March 31, 2003; fourthly, the Auditor General's Report for the Audit of the Public Accounts dated March 31, 2003.

I believe we should get rid of those financial reports first and before we proceed with the other agenda items have the discussion regarding the Auditor General's recommendations on rules and operations of this committee.

Mr. Chairperson: It has been suggested that we alter the considerations so that No. 1 would be the Public Accounts Volumes 1, 2 and 3 for Fiscal Year March 31, 2002; No. 2 would be the Auditor

General's Report – Audit of the Public Accounts for the year ending March 31, 2002; No. 3 would be the Public Accounts Volumes 1, 2, 3 and 4 for the fiscal year ending March 31, 2003, and No. 4 the Auditor General's Report - Audit of the Public Accounts dated March 31, 2003. What is the will of the committee?

* (13:50)

Mr. Gerrard: I think the order is reasonable with one exception, and that is that the first item on the agenda was the Provincial Auditor's Report on Compliance and Special Audits for the fiscal year ended March 31, 2001. I would at least like to have the opportunity, having prepared for this, to have 10 or 15 minutes of questions related to that report.

Mr. Selinger: The Member for River Heights (Mr. Gerrard) wants to ask questions about that 2001 report. I know we have discussed it in previous meetings of the Public Accounts. It seems to me that we should maybe start with that. The next one is the one the Member for Fort Whyte (Mr. Loewen) recommended in any event so there would be a consensus there, and then the No. 2 that he recommended sort of is the follow-through on that report, so it follows logically from that. Why do we not deal with those three items and then pick it up from there in the order we just suggested?

Mr. Chairperson: Is it agreed?

Mr. Loewen: Again, just to go back even to the recommendations that I believe the Auditor General has made, there are various chapters in the report dated March 31, 2001. I would say that there are valid questions on each chapter, but again I believe in order to give comprehensive scrutiny to that report it would be important that we have some departmental staff here to answer those questions directly. Hopefully, that will come out of the discussion we have entertained to enter into at 3:30. That is my reason for leaving that off at the present time. I would hate to get us into a situation where we spend the next hour and a half basically dealing with that report and do not have the opportunity to eliminate some of these other reports off of the committee.

I could say, I think, quite unequivocally, that we are not prepared to pass this report as indicated until we do hear some more on some of these issues from

departmental staff in terms of follow-up and what was the cause of the problems and what follow-up has been done since then. So I am just trying to make the process simpler for the committee in terms of clearing off some of these old reports.

Mr. Gerrard: Without necessarily passing it, it seems to me it would be reasonable if there could be at least a few minutes, 10 minutes. I have some questions on the first one, and provided it was a limited time that we applied to it then we could move on to the rest.

Mr. Chairperson: Is it the will of the committee? *[Agreed]*

Mrs. Bonnie Mitchelson (River East): Just for clarification, based on the Auditor's comments he indicated that in each of the reports I believe, and maybe he can correct me if I misunderstood, if we were to go to the March 2001 report on Compliance and Special Audits, he would take each section, each special audit that was done, give us a few minutes of background and update on where things are at and indicate, given there has been some discussion, maybe there are parts of this report we could pass and parts we would hold onto seeking more information or clarification, or this committee might want the Auditor to follow up on some of the special audits. Is that the correct understanding or am I off base?

Mr. Singleton: I just put the offer on the table that, if it was the will of the committee, I would be happy to spend two or three minutes giving a synopsis of each chapter within the report before answering questions on it.

I think what the committee needs to consider before they ask me to do that is if there is still an interest in the report based on the discussion that has already been had or on the stale-datedness of it, and, if the committee is not that interested in a particular chapter, then I do not need to take the time to give you a synopsis on it.

Mr. Selinger: I recall discussing this report in previous meetings and I know the Member for River Heights (Mr. Gerrard) has some questions. I would like to suggest we just allow him to ask his questions and then any summaries that would be required from the Auditor General could be made later if people want to hear them.

Mr. Gerrard: My first question relates to page 44, which deals with Manitoba Lotteries Corporation. It deals with the consideration of the recommendations from the investigation which related to executive travel and entertainment and the decision of the Manitoba Lotteries Corporation to make changes.

My question to the Auditor General is specifically this: These changes and the approach the Manitoba Lotteries Corporation decided to make after this audit was conducted in response to the problems that existed would seem to me to be a reasonable approach that other organizations receiving government expenditures could take to issues related to executive travel and executive vehicles. I would like to ask the Auditor General specifically whether this sort of approach that the Manitoba Lotteries Corporation decided after this the problems with the audit would be reasonable in other agencies funded by government, for instance, Hydra House as an example.

Mr. Singleton: I can say that at the time I was quite impressed with the response the corporation made to the issues we identified in that report. They obviously took it very seriously and moved to adopt what I would see as far more appropriate policies.

My sense is that most Crown corporations already have appropriate policies in place, and the Manitoba Lotteries Corporation was a bit of an anomaly at the time. It is certainly part of our ongoing work to periodically look at executive expense accounts and perquisites and, whenever we see something untoward there, to bring that to the attention of the Legislature.

With respect to extending this out to Hydra House, I think it would be useful for the government to develop some kind of a policy framework that would be communicated to all recipients of public monies on the nature and type of expenditures that might be considered appropriate, just sort of a general framework around ethics and spending practices that the government expects. Things like that, as we talked about in the report, should be built in. There should be service purchase agreements that set out the expectations of both the government and the entity receiving the money. I think it would be useful for those service purchase agreements to also flag what the expectations of the government are in

terms of managing the money in a prudent and effective manner.

Mr. Gerrard: This Auditor, in a response which goes back to 2001, certainly provided an example of what could be done in terms of where government expenditure is involved. In terms of the provision of social and other services, as you suggest, it would be reasonable that this be incorporated as a general approach to agencies, whether non-profits or organizations like Hydra House.

I would just take your response one step further in terms of your suggestion that this should be part of the service purchase agreement in such cases. That would certainly seem to be a logical approach.

Why do you think this was not done at the time when it was clear that this was an area of considerable problem?

Mr. Singleton: That is difficult for me to speculate on the reasons why something was not done. That would be a classic example of if you had the officials here you could ask them why they did not do it as opposed to having me speculate on why they did not act on the recommendation. So maybe I will just leave it at that.

Mr. Chairperson: I should mention that Hydra House is not on the agenda at this particular time for questions. I believe it is being brought forth tomorrow.

Mr. Gerrard: This is not in terms of Hydra House but in terms of the broad policy, of course, Hydra House being an example, but the policy here. This deals with the Manitoba Lotteries Corporation, the executive travel, entertainment costs and executive vehicles. Those are issues which have come up, not only in that context but in others. What this report indicates is that the government was well aware of these issues going back to at least 2001, that they had been raised in the context of the Manitoba Lotteries Corporation and that the approach and the response by Manitoba Lotteries Corporation was a reasonable one and would be a reasonable one to apply to a whole variety of organizations which are funded by government, perhaps not all organizations necessarily in certain instances, but certainly would provide a basic starting point and shows that such a starting point is there.

* (14:00)

I just want to thank the Auditor General for pointing that out and telling this committee that this was a reasonable approach which certainly could have been used in other circumstances.

"Would this sort of approach apply to the regional health authorities as well?" I would ask the Auditor General.

Mr. Singleton: Basically, the approach that we take in all our audit work is the concept of a special duty of care. We think any organization that receives public monies owes a special duty of care back to the citizens of Manitoba and to the government to ensure that money is spent wisely and prudently and for the purposes intended. So we do not need to go through a list of all the organizations. I think that is a general rule that would apply everywhere.

Mr. Chairperson: Shall the Provincial Auditor's Report on Compliance and Special Audits for the fiscal year ended March 31, 2001 pass?

Some Honourable Members: Pass.

Some Honourable Members: No.

Mr. Chairperson: What is the will of the committee, to pass this or not?

Some Honourable Members: Pass.

Some Honourable Members: No.

Mr. Chairperson: No pass. Okay.

The next item then is the Public Accounts annual report for March 31, 2002, Volumes 1, 2 and 3.

Before we get into these reports, there is one other item that should be addressed and the suggestion is from the committee as to how long we would sit this afternoon.

Mr. Martindale: I would recommend that we adjourn at 5 p.m. this afternoon.

Mr. Chairperson: Is it the will of the committee?
[Agreed]

Now back to the reports. The annual report for the fiscal year March 31, 2002, Volumes 1, 2 and 3. Questions?

Mr. Loewen: With regard to Volume 1 from March 31, 2002, I just refer to page 26 of the report. At the end of the second paragraph, and I quote from the report. The paragraph is discussing really the government's decision to change the legislation to allow them to co-mingle funds from Manitoba Hydro with the government's funds and in effect to take what at the time they indicated was \$288 million out of Hydro. The end of that second paragraph, quote, "this transfer will be reversed in 2002-03 fiscal year to replenish the Fiscal Stabilization Fund."

If the Auditor could indicate whether that transfer of \$150 million was in fact reversed and what caused the government to take \$150 million out of the stabilization fund as opposed to taking out of Manitoba Hydro which they had proposed?

Mr. Singleton: The reason why the financial statements were prepared the way they were has to do with the legislation for Manitoba Hydro which was not amended until after the year-end to enable these dividends to be paid. So, as such, when the government came to prepare its financial statements it determined that the transfer would have to be recorded in the subsequent fiscal year '02-03, and based on that they entered into a decision to transfer additional monies from the Fiscal Stabilization Fund in order to achieve a balance for the fiscal year ended March 31, 2002. I will leave it to the officials from Finance to comment on whether the \$150 million was repaid to the Fiscal Stabilization Fund in the subsequent fiscal year.

Mr. Loewen: Could I then ask the Department of Finance officials to indicate whether the \$150 million was in fact repaid as stated in the report?

Mr. Selinger: No.

Mr. Loewen: Thank you. Surprisingly, a long time for what I thought would be a fairly straightforward answer.

The answer that I thought, perhaps, is that I am just wondering if in any place, and I was not able to find it going through the statements, if it was indicated, or indicated in any subsequent statements,

that the money was not repaid as was indicated in the report for the year ended March 31, 2002.

Was that ever clarified that this was a mis-statement and that, in fact, the money was never repaid to the Fiscal Stabilization Fund?

Mr. Selinger: Ongoing progress in how we handle the finances were reported in quarterly financial statements and of course in year-end for Public Accounts. So the member will recall asking questions about this in the House and other members in the House asked questions about it. We explained at the time that the change in fiscal circumstances of the Province made it impossible to put the money back in, as indicated on page 26.

Mr. Loewen: So, just for my own clarification then, I guess at the time the government believed it was still going to get the \$288 million from Hydro plus the \$150 million. When these statements were issued, it was the government's belief that they would pay the \$150 million back but in fact they did not. So, in effect, for clarification, what came out of Hydro was \$203 million and an additional \$150 million came out of the Fiscal Stabilization Fund. Is that an accurate reflection of these transactions?

Mr. Selinger: Yes. The financial statements subsequent to this report indicate all the transactions and how they have occurred. The \$288-million original plan dividend was not available to the Province because Hydro profits declined and the legislation was drafted to only take a dividend if there was a net profit. There was not a net profit so the money was not taken.

* (14:10)

As I indicated earlier, the overall fiscal circumstances, due to a number of circumstances, drought being one of them, forest fires being another and a federal accounting error, which is discussed on pages 29 and 30, all these events which were not planned for did have an impact on our ability to replenish the Fiscal Stabilization Fund.

Mr. Loewen: Just for clarification then, there is in fact \$353 million required by the government to meet its obligations as opposed to the original demand for \$288 million. The total ended up being \$150 million from the Fiscal Stabilization Fund and \$203 million from Hydro for a total of \$353 million.

Mr. Selinger: My answer remains the same as I answered earlier, that we indicated through quarterly reports and responses to questions in the Legislature what circumstances changed. I outlined several of them that had an impact on the fiscal resources of the government.

Mr. Loewen: Thank you. Just a question to the Auditor General in terms of process. I am wondering in terms of, basically, indicating in subsequent statements any major misstatements in a previous year's operating statement, in this case as an example, if the government indicated it had taken \$150 million out of the Fiscal Stabilization Fund and was going to repay it and found itself in a circumstance where it did not repay it, would it be the Auditor General's opinion that in the next annual report the government should indicate this action was not taken?

Mr. Singleton: It is our responsibility in preparing an opinion on the financial statements to review the commentary accompanying the financial statements for consistency with the financial statements.

The question you pose has a couple of implications. One, this particular statement was a statement of the government's intent at the time they prepared the financial statements which, as the minister has indicated, subsequently they were not able to follow through on that intent.

However, if you go to the next year's annual report and financial statements, the transactions with the Fiscal Stabilization Fund are clearly disclosed. The fact there was no transfer back to the Fiscal Stabilization Fund was clearly disclosed. The notes at the time, for that particular report, I think, set out fairly clearly, and one can always have a debate about that, the need for the government to transfer money from the Fiscal Stabilization Fund to balance the budget for that year because of fiscal circumstances during the year.

I would argue that they did in fact disclose: (a) the non-transfer back; and (b) why they had to take a further transfer from the Fiscal Stabilization Fund.

Mr. Loewen: I appreciate that clarification from the Auditor General.

I am on page 29. It deals with the federal accounting error. I just want to make sure I

understand the process that was followed here, and how that might have been handled a little differently had the government been following generally accepted accounting principles. Just to get the basis right, there was a miscalculation on behalf of the federal government which resulted in the provincial government being required to pay back retroactively some funds that were found at a later date to be owed to the federal government.

Again, just to make sure we understand the process that went on, what I have been able to take from the description of the effect of the federal accounting error and the process that was undertaken by the Province is that in the year ending March 31, 2002, the government, as opposed to restating prior year financial statements, made a decision to increase the accumulated deficit by \$287 million.

This was a combination of a negotiated settlement that included payments for prior years as well as an amount of \$91 million that would be paid in future years. At the same time I understand there was a negotiated settlement on behalf of the Province and the federal government, that the federal government would increase the Province's equalization payments by roughly \$138 million going forward.

Is that an accurate summary of what is transpiring in the note on page 29 and 30?

Mr. Singleton: I believe that was a relatively accurate recap of a highly complicated situation. The only qualifier I would make in response is that in choosing to charge the amount to the accumulated deficit that is an accepted accounting practice for the government to do. That was not an exception from generally accepted accounting principles. Generally, what you are trying to do when you prepare financial statements, if you learn about an error that affects years before the financial statements, you do not run that expense through the current year financial statements because it really has nothing to do with the current year. This just happened to be the year when you found out the earlier years were incorrect.

Mr. Loewen: I guess in normal situations, under generally accepted accounting principles, would it not have been a prudent thing to do, to go back and restate prior years' statements to reflect the, I guess, not the full 287 but the net of 287 going back in 1991 going forward, which in rough calculations would come to \$196 million? Under generally accepted

accounting principles, would the proper statement have been to go back and restate prior years' earnings or prior years' results?

Mr. Singleton: As usual with accounting matters, there is not an easy black-and-white answer to that question.

I guess I will make two points. First, the financial statements report on only two years' results, so in those financial statements there is no need to restate all the previous years. Most governments have taken the position that it is not practical to go back and republish financial statements for the last 10 years or so to adjust them for errors that were subsequently learned to be in them. That part, the way the government handled it, was in accordance with generally accepted accounting principles. The part that is a little different, that is an exception from generally accepted accounting principles, has to do with the comparative numbers for the previous year where the government there also follows a practice of not restating those financial statements for changes in accounting policies or corrections of errors, and so the whole amount goes through the accumulated deficit account.

* (14:20)

I would just make the comment that in general that is one of the changes in accounting practices we have been recommending to the government, that they adopt a practice of preparing financial statements on a comparable basis and where there is a change in accounting principles to reflect it in both the years that are included in the financial statements.

Mr. Loewen: I wonder if either the Auditor General or the officials from the Department of Finance could indicate, if that had been done, what effect that would have had in terms of the 2001 numbers that we see in this report.

Mr. Selinger: As the Auditor General said, "These are complicated questions which interact with legislation."

As the member will note that on page 29, in the fourth paragraph, "On March 28, 2002, the Federal Government recovered from Manitoba \$168 million related to the 2000 tax year mutual fund trust capital gains tax refunds."

The Minister of National Revenue actually gave me a phone call and said, "We are deducting this money from our transfers to you."

We really did not have any choice about that, and that was a very difficult piece of information to receive in the last quarter of a fiscal year, as you can imagine. So we were immediately in a position of having to address that problem, not only for that year, but for previous years in a go-forward position, and we worked diligently to address that problem to reduce the size of it.

The main issue that we had to get the federal government to acknowledge was that if your revenue goes down then your equalization has to go up. That was the basis of a settlement. That was a long and protracted discussion because at one point the federal government just wanted to make the deduction but they did not want to make a subsequent adjustment to the equalization payments. So it took about a year of protracted negotiations to resolve that. That is where the focus of our energy was, in resolving the problem in a way that stabilized the finances of the Government of Manitoba for an error which the federal government takes 100% responsibility for because of their oversight through their revenue collection agency.

Mr. Loewen: This, I think, speaks to questioning why the minister would be a member of this committee. I think it is a pretty straightforward question. I appreciate the fact that it was a difficult situation for the minister. I am simply asking questions on the way the financial statements were presented at the time, that are before this committee. The Auditor has given us some information that in his view, I believe, and he can correct me if I am misstating this, under generally accepted accounting principles, the most acceptable way for the government to handle this would have been to reflect in the previous year, to restate the previous years. I am just asking the officials that are here from the Department of Finance—and I assume they at least examined that option—if they had looked at restating that previous year, what that number would have looked like.

Mr. Selinger: That paragraph on page 29 goes on to add additional information: "In addition, it is estimated that the overpayment for the 2001 taxation year was \$112 million, one-quarter (\$28 million) of which was related to the 2000/01 fiscal year."

So there is the information there. Again, the focus was to stabilize the Province's finances for an error that was 100 percent the responsibility of the federal government. Officials were not dealing with the issue that the member asked me about, the restatement issue, or the hypothetical restatement issue; they were focussing their energy on stabilizing the finances of the Province.

Mr. Loewen: I appreciate that. Once again we are simply dealing with a recommendation from the Auditor General that we as a Province follow generally accepted accounting principles. What I am just trying to get to the issue here is what the statements would have looked like had we followed generally accepted accounting principles.

Is what the minister is saying, just let me clarify this quickly, if the financial statements for '01 had been restated, that a \$112-million figure would have been used?

Mr. Selinger: I just read into the record the paragraph which stated what element of that money, of 112, one quarter, of 28 million, was related to the '00-01 fiscal year.

Mr. Loewen: Was the number 112 million or 28 million?

Mr. Selinger: The 28 million relates to the '00-01 year, and about three quarters of the 168 million that was first deducted. Then we were phoned about it by the federal government.

Mr. Loewen: So is the minister saying that if they had restated the figure it would have been 28 million plus 168 million?

Mr. Selinger: I am not saying that. I am saying three quarters of the 168 plus the 28 were the numbers that we understood related to the '00-01 fiscal year.

Mr. Loewen: The minister has his department officials here. Have they done the math, some percentage of 168 plus 28? I am just simply asking what that number is.

Mr. Selinger: As I indicated earlier, it is about three quarters of the 168, which would be about 126, plus the 28 related to the '00-01 fiscal year.

Mr. Loewen: So then if the government at the time had been following generally accepted accounting

principles and had restated the 2001 number then it would have been adjusted by 154 million, which, just for clarification, is 126 million plus 28 in my addition here. Is that accurate?

Mr. Selinger: Yes.

Mr. Loewen: I thank the minister for that. It just befuddles me sometimes why we have to go around and around in circles just to get to a simple figure.

* (14:30)

With regard to this whole transaction, there are a couple of other issues that concern me. Just for clarification, I will just ask the Auditor General for clarification on this, the 287 million that is reflected in the increase in the deficit and is also reflected on page 30 in the Summary Statement of Changes in Cash Flow and Temporary Investments as an adjustment to the deficit, this would mean, in my understanding, in terms of the cash position of the Province of Manitoba, either the cash on hand would be reduced by 287 million, or at some point the government would have to go borrow 287 million. Is that an accurate reflection of that entry?

Mr. Singleton: I think that question would be more appropriately answered by finance officials.

Mr. Selinger: Could the member just identify clearly what page he was referring to? We do not see the number he referred to on page 30.

Mr. Loewen: Just for clarification, the 287 million comes from page 50, which is the Adjustment to Accumulated—it is in other places in the report, but specifically it comes as an adjustment to the deficit in the changes in cash flow.

My question is simply with regard to this number in terms of the real cash situation, either the government's cash on hand, in my view, would be reduced by \$287 million, or the government would have to borrow \$287 million, had it no cash. I am just trying to get clarification for that.

Mr. Selinger: The 287 number that the member now has identified as being on page 50 included \$91 million which was part of the agreement which would be paid on a go-forward basis.

Mr. Loewen: I appreciate that. That is stated here. I can understand that. What I am trying to get at is at some point the government agreed to pay back to the Government of Canada \$287 million—\$196 million?

Well, the minister is shaking his head. That is what I am trying to get to the bottom of here, because the wording and the minister's explanation of these are quite convoluted. What I am reading out of this is, again, for the first one, I am back on page 29. The portions of the error which related to prior fiscal years are \$196 million that have been recorded as an adjustment to the accumulated deficit.

Now my understanding of that is that they paid \$196 million on that and then agreed starting in 2005 to pay another \$91 million, which seems to make sense to me because that is the total of \$287 million that is indicated on page 50.

Mr. Selinger: The federal government unilaterally took 196 and we agreed to pay an additional \$91 million to settle all the accounts.

Mr. Loewen: So, just maybe to put it in the simplest terms possible, the cost to the Government of Manitoba was \$287 million. Is that accurate?

Mr. Selinger: That is why it is recorded that way on page 50.

Mr. Loewen: So, again, just to answer my initial question which was regarding the \$287 million that the government has paid back in terms of the 196 or is going to pay back in terms of the \$91 million that it has agreed to pay starting, I believe, in 2004-05, the Government of Manitoba, as the minister has already indicated, is out-of-pocket \$287 million and has chosen to record it as a reduction of which would either amount in a reduction in the Province's cash position or a requirement if they wanted to maintain the cash position to go out and borrow more funds. Is that accurate?

Mr. Selinger: If the member is asking me did we have to borrow that money or reduce our cash position, in both cases the answer is no, because the other part of the arrangement, which was described on page 29 and, I believe, page 30, is that we negotiated a transitional payment of \$140 million. It is at the last paragraph on page 30.

Mr. Loewen: Yes. I will get to that in a minute. If it did not reduce your cash position by \$287 million then why is it included on the statement on page 50, which is a statement of the changes in cash flow? It sounds like a contradictory statement.

Mr. Selinger: The 91 is part of the amounts receivable, and the 287 is shown as indicated on page 50. It is shown as part of the change in accounts payable, which nets out at 10 there, and then the 287s as mentioned by the member before.

Mr. Loewen: I do believe this would be so much easier on everybody if we could just ask department officials these questions as opposed to getting the minister's interpretation.

I am simply trying to determine and confirm that in the statement of changes of cash flow, on page 50, this negotiated settlement will reduce the amount of cash on hand of the Province by \$287 million as is indicated in this statement.

Mr. Selinger: It reduced it by 196 million. As indicated, it was the net of the 1991 as an accounts payable and the gross amount of 287 million, as a result of the federal accounting error.

Mr. Loewen: So in terms of the cash position the effect will be, I am just trying to confirm this, 196 million immediately, and between 2004-2005, at the time the payments start and over that 10-year period, an additional 91 million, then.

Mr. Selinger: Correct.

Mr. Loewen: The net effect over the lifetime of this agreement on the cash position of the Province of Manitoba will be a minus \$287 million with regard to those two sides of the transaction.

Mr. Selinger: Correct, as indicated on page 50.

Mr. Loewen: At the same time the government-negotiated \$140 million would be—I am not just sure how to refer to it other than as a gratuitous payment by the federal government in the form of a transfer payment in recognition that the mistake was totally the part of the federal government with which we have no argument with the government. We understand it was a federal error. I am just trying to clarify how all these transactions took place on the books.

Mr. Selinger: As indicated in the last paragraph on page 40, the federal government recognized the significant fiscal challenge and agreed to a \$140 million transitional payment in 2002-2003.

Mr. Loewen: So, in essence, and from what I can understand, we have three parts to this transaction. We have 196 million, which the government had to pay back or was taken from the government at the time, we have 91 million, which is to be paid off in the future, and we have \$140 million revenue payment to the government.

I guess, having said that, I am trying to get at the logic of writing off \$287 million to the deficit when, in fact, consistency at least would, I think, indicate to me that if the government is going to recognize \$140 million in the next year as income because it happens in that year, that they would at the same time in the year that the payments start of \$91 million, because it is in the future and is going to happen in the year in which it occurs, then why the government would not take that \$91 million and put it in its current financial statements when those payments are made.

* (14:40)

Mr. Selinger: As indicated on page 30, the transition payment was in recognition of the fiscal challenge and hardship imposed by the federal accounting error. The member must remember that the change in accounting had a permanent lowering of the revenue track of the Province of Manitoba, and that is what the transition payment recognized.

Mr. Loewen: I guess I would ask the Department of Finance officials what the difference is between the 140 million and the 91 million. I mean, they both happened either in a current year or a year going forward. I could understand the 196 million being charged to the deficit, based on the government's decision not to follow generally accepted accounting principles, and just to write it off against the deficit. I guess I just do not see the logic.

Maybe the Auditor General might have a comment on this as well, as to why the 91 million would not appear as an expense in the years in which it is incurred, given that they are in the future.

Mr. Selinger: The short answer is the 91 million relates to a previous set of circumstances, and, by arrangement, it was going to be paid off in the future

under what we considered to be reasonable terms that we negotiated with them. But it recognized past events, whereas the \$140 million transitional payment was a new outcome of the negotiations specific to the year in question in which it was recorded. So it is past versus present in the way it was treated in the accounts.

Mr. Loewen: I am not sure if the Auditor General has any comment on this at all.

Mr. Singleton: Yes, the 91 million, in fact, related to the years '93-99, so it was set up as a liability and charged to the accumulated deficit. The 140 million because it was, as you described it, actually a gratuitous payment by the federal government to Manitoba. Those kinds of items are recorded in the year where the federal government makes a decision to transfer the money.

Mr. Loewen: I appreciate that clarification. So in the future we still have the 91 million to be paid back, and 140 million basically was accounted for and spent in the year that it came in. I thank the minister and the Auditor General for just making sure that is clarified.

Having said that, I do not have any more questions on this issue, unless I turn it over to the Leader of the Liberal Party, if he has something.

Mr. Chairperson: The Public Accounts Volumes 1, 2, 3 for the fiscal year ending March 31, 2002—pass.

We now move on to the Public Accounts Volumes 1, 2, 3 and 4 for the fiscal year ending March 31, 2003.

Mr. Loewen: Just for clarification, I requested that we follow up with the Audit of the Public Accounts for 2002. It seems to me to make sense to cover that off first while we have the financial statements as opposed to getting into 2003.

Mr. Chairperson: Agreed? *[Agreed]*

The Auditor General's Report – Audit of the Public Accounts for the year ending March 31, 2002—pass.

Mr. Loewen: The Auditor General had indicated that he would be prepared to give us a bit of a review of each of these reports prior to them coming before

the committee. I wonder if he has any comments on this report.

I do know that in the report you did make some significant comments regarding balanced budget legislation, the Fiscal Stabilization Fund and the special purpose funds, if he wanted to comment further on those.

Mr. Singleton: Yes, I would be pleased to make a brief comment on this report. One of the things we flagged in this report is what we see as an inconsistency between the government's financial reporting and the budgeting practices. From our perspective, the summary financial statements are the primary fiscal reporting document of the government. They are the closest to following generally accepted accounting principles the government produces and the closest to being consistent with the practices of most other jurisdictions in Canada. Unfortunately, when the budget is presented, it is presented only for the operating fund, with significant exceptions from generally accepted accounting principles. The most significant one, of course, is not counting pension liability increases during the year.

We reiterated our position in this report, that we encourage the government to adopt the summary budget and the summary financial statements as the primary method of reporting to the public on its management of public affairs. As the report noted, the government was not persuaded at that time to agree with that recommendation and intends to continue reporting using the operating fund budget as the primary basis for reporting its planned budget activities, which, of course, are set out in the balanced budget legislation.

Further to that, with respect to the summary budget, we also are encouraging the government to move fully to generally accepted accounting principles over a relatively short period of time, and we set out the two or three key issues, one of which the government has moved on. That is the recording of infrastructure. Since this report was released, the government did, in its last budget, prepare information on infrastructure, so it is in the budget for the current fiscal year and will then be reflected in the financial statements for the year ended March 31, 2005. That is a positive change since this report was issued that the committee should be aware of. We also recommended they restate the prior-year

balances as we just discussed, and we have not yet persuaded them to adopt that recommendation.

I would also indicate there is a chapter on reforms to the Public Accounts Committee in this report in which we set out three further recommendations that we had identified for strengthening the operations of the committee while commending the government and the committee for adopting some pretty significant reforms during that fiscal year on August 8, 2002. I believe the steps that were taken at that time were positive steps and moving in the right direction. It is my understanding the committee at that time was thinking they would try out the new procedures for about three years and then consider further amendments at that time. Notwithstanding that particular position, we continued to push for our three key positions: there should be no ministers on the committee; the committee should have the right to call its own meetings; and officials should be invited to respond to questions from the committee.

* (14:50)

Mr. Loewen: I thank the Auditor General for those comments. I will certainly deal with the report. I guess I will take advice from the committee.

The questions I raised as a result of the request for questions mostly revolved around the further recommendations made in this report. I am not sure whether the committee wants to wait until 3:30 to deal with those or deal with those as part of this report. Quite frankly, I would like to pass this report, but I have a problem passing it without a really in-depth discussion on the Auditor's recommendations. I guess I am just looking for advice from the committee on how we want to proceed with that issue.

Mr. Selinger: It was the member himself who wanted to deal with this report right after the Public Accounts. We do have a section in here on the operational procedures of the Public Accounts and what was agreed to in 2002, as I indicated earlier, which things we have moved on and which areas the Auditor General continues to wish us to move on. If the member wants to pass this report it does not in any way preclude him from coming back and reviewing these items when the questions are answered at 3:30. I think there is a certain redundancy there that will ensure that everything is dealt with. It is entirely up to the member. I was originally prepared to just follow the agenda and this

item would not have been next. We would have been dealing with next year's Public Accounts. I am personally flexible about it. We are going to deal with it at 3:30. It seems to me that probably it makes sense to deal with it at one time.

Mr. Loewen: That is fair enough.

Just given the nature of the discussion before we got into the questions, the minister, I hope, can understand that I am obviously hesitant to pass this report until we have had that full discussion because it gives the government the opportunity, as they tried to at the start of this committee, to come in with a heavy hand and say we are not going back there.

In any event I do have some questions just regarding some other issues with the report, so perhaps we will start off with those and see where we get to. I guess in particular with the Auditor General's referral to his recommendation that the government follow a full adoption of generally accepted accounting principles, can the minister explain why they have not? I would prefer the departmental officials explain why they have not but I understand the minister would want to put his political spin on it, so I guess I will have to be satisfied by his answer.

Mr. Selinger: On page 17 it indicates the changes that have been made. There were several, and there have been several every year since we have been in office. We have moved off what was in place in 1999 and we have made several improvements since. As the member knows, the recommendations from the Auditor General are ongoing and are considered by us every year but there are the laws of Manitoba as well, and the laws of Manitoba require us to comply with balanced budget legislation and therein lies the difference in the reporting.

We have taken a look at all the things that we can do to improve our ability to meet GAAP standards and recommendations of the Public Sector Accounting Board and we have made several changes. There are seven indicated on page 17. If the member wants to review those I would be happy to. In addition, we have gone beyond just disclosure of things like the pension plans. We have actually put a plan in place to deal with the liability. There are a number of items there that we have dealt with and we continue to work on the other ones in a way that does not put us offside with existing legislation.

Mr. Loewen: Just a question for the Auditor General then. Could he clarify how the government would be offside with existing legislation if their summary financial statements were presented in accordance with generally accepted accounting principles?

Mr. Singleton: It is my understanding that there is no legislation in place setting out what the accounting standards should be in the summary financial statements. That is a policy decision of the government to adopt the accounting policies that are disclosed in those financial statements. The balanced budget legislation, of course, sets out certain limitations on the accounting rules that can be adopted by the government, but essentially what the balanced budget legislation provides is that, as long as the Auditor General agrees with an accounting policy change that the government wishes to make, it is appropriate to make that change. In both the operating fund special purpose financial statements and the summary financial statements the government has made changes in line with our recommendations to get closer to GAAP, but I do not believe there is any legislation precluding them from adopting future recommendations that are outstanding recommendations, I guess I should say, with respect to moving to generally accepted accounting principles. Clearly, there would be some complications around the balanced budget legislation and the special purpose funds.

It is not clear to me what would happen in a case of a restatement of prior-year numbers that created a deficit. That would have to be thought through, and legislation might have to be modified to make that a practical option.

Mr. Loewen: I thank the Auditor General for clarifying that. Maybe then I will just turn it over to the minister. It was quite clear from his comments that he feels that there are clauses or some form of requirements in balanced budget legislation that preclude him from following GAAP with regard to presentation of the summary financial statements.

Could he clarify that and indicate exactly which part of the legislation he feels he would have to contravene in order to present the summary financial statements according to generally accepted accounting principles?

Mr. Selinger: This has been stated before, but our government was the first one to publish a summary

financial budget as part of our annual budget that we present to the Legislature and put that information in front of the public at the same time as we put the requirements of the balanced budget legislation in front of the public.

So we have done both of those things, at least for the last four out of the five budgets. The first budget I do not think we did that. Starting in the second year, I guess it would be the 2001 budget.

The '00-01 budget, we started producing a summary financial budget and identifying the issues that, on a summary basis, generated a deficit. The principle one being, of course, the pension liability issue. In practical terms, we put in place a plan to start reducing that pension liability and bringing it into some sort of manageable approach that would smooth that out and fully fund it over the next 35 years.

We have tried to accommodate the Auditor General's recommendations for a summary financial budget, and at the same time provide information to the budget as required under the balanced budget legislation.

Mr. Loewen: I hope the minister will bear with me, because I am just trying to clarify this. It seems to me it could be a fairly straightforward answer. The Auditor General has indicated that he does not see any reason in legislation why the government would not adopt generally accepted accounting principles. I have asked the minister for specifics. He has not been able to give me any, so then one could only conclude that it is government policy, pure and simple. It does not have anything to do with legislation. If it is government policy, then I think we have agreed as a committee that it is not our role to question government policy. We just need to know what it is.

So can the minister just indicate that it is government policy not to follow generally accepted accounting principles, it is not anything that is legislated upon it?

*(15:00)

Mr. Selinger: Once again, we have understood the Auditor General's recommendation on summary budgets and we were the first government to do that. That was a recommendation that had been in place

before we came into government. The previous government would not do that; we did.

On the summary financial statements for the annual report of '02, it indicates on page 51 those items that were not in compliance with GAAP. The Auditor General himself identified that, with respect to tangible capital assets, we have now brought that into conformity with GAAP requirements.

These things require quite a bit of work; they are not just done overnight. For example, the tangible capital assets required an enormous amount of work on the part of officials to identify and record existing assets and liabilities, to bring that policy up to speed and do it in a way that had some degree of consistent measurability attached to it. So all of these things remain works in progress and every year we try to bring more of them into conformity with GAAP.

Mr. Singleton: I would just like to identify an opportunity for the Public Accounts Committee here in considering this report. Essentially, it falls back on your role. You are a committee of the Legislature advising the Legislature on the activities and financial management of government. I suggest that it might be worthwhile for the committee to consider making a recommendation to the Assembly recommending that the government fully adopt generally accepted accounting principles in accordance with the Auditor's recommendation within a specific period of time. That kind of a question is fundamental to the role of this committee. Do you agree that generally accepted accounting principles should be adopted. If you do, why not say that to the Legislative Assembly?

Mr. Loewen: I thank the Auditor General for that advice and I agree with him wholeheartedly. I am just trying to make sure going into it that we did not either have a reason from you or a reason from the minister, legislatively anyway, that we would be offside in making that recommendation.

I would be more than pleased to make that recommendation. I am just, first of all, trying to get the Department of Finance to indicate clearly to this committee that there is nothing other than government policy that would prevent the presentation of the summary financial statements according to generally accepted accounting principles, because I do not want to recommend something to the Legislature which is offside with other legislation. I

guess I would ask the department officials to just give me their view—it seems I cannot get it out of the minister—on whether there is anything else in the way.

Mr. Selinger: As I indicated to the member, on page 51 of the '02 report are the areas that are not yet consistent with GAAP, one of which has been dealt with in this year's budget. Those areas have some complexities attached to them and they have some implications in practical terms for the finances of the Province.

Mr. Loewen: I just refer to you then, Mr. Chairman, in terms of process, and you may want to refer to the Clerk, just exactly what it would take for this committee to make a recommendation to be brought forward to the Legislature.

Mr. Chairperson: In response to the member's question, it would have to come forth as a unanimous recommendation from the committee and then be put forth to the House at that time. So that would be the procedure that we would have to follow.

Mr. Loewen: Would it need to take the form of a motion to the committee, Mr. Chair, or is it just a recommendation?

Mr. Chairperson: Yes, it would have to come forth in a motion and then be agreed to by the committee.

Mr. Loewen: Thank you.

I would ask the Auditor General if he could indicate, I think he indicates in this report, which is a little bit dated now, that there were four provinces that had fully adopted generally accepted accounting principles, would it be possible to get an update? Are there other provinces that have come on board since the issuance of this report?

Mr. Singleton: On page 20 of the report, the bottom paragraph, we indicate that Canada and five other provinces produce summary budgets that are tabled—I am sorry. That does not deal with the GAAP issue, does it? Anyway, Canada and five other provinces have made the summary budget their primary budget. Most of those budgets would be reasonably close to GAAP, but I do not know. Most of them are not full GAAP yet either. One or two of them would be. B.C. will be going to full GAAP next year, and

apparently Ontario already is on full GAAP in their summary budgets—and Nova Scotia.

It is clearly a part of a national trend to move toward generally accepted accounting principles in communication with the citizens. I have been a long proponent that Manitoba should not be the last province to adopt them.

Mr. Loewen: In terms of timing then is there anything the Auditor General would be aware of, or his office would be aware of, that would prevent the government from preparing the financial statements dated March 31 2005, according to GAAP standards? It seems to me that, if the only issue left is one in which we are talking about the restatement of prior years' income, it is not much onus on the government to fully adopt GAAP.

Mr. Singleton: I think it would be fair to say, although I would certainly expect Finance officials to respond to this question as well because they have a more practical idea of the work it would take to change the accounting principles, but it is my understanding the most complicated ones have already been converted to generally accepted accounting principles. So it is relatively more simple changes in accounting policy on a going-forward basis that would be required to be changed to GAAP.

However, if I was in a position of recommending a specific timing to government, I guess I would be suggesting that March 31, 2006, is a more practical one just from the point of view that there is a major change in accounting standards, which takes effect April 1, 2005. That would be, to me, a useful and practical year to say, "Okay, that is the year we would flag as the one to move toward generally accepted accounting principles for the summary budget and the summary financial statements."

Mr. Loewen: In your recommendation in this report, you are recommending the government move on the two issues, the tangible capital for infrastructure as well as the material adjustments to prior years' balances by the year 2003. The government, as we have previously discussed, and I am on page 19, has already indicated, and announced, in fact, that it is going to move on the first issue. Would there be any concern you would have with regard to recommending to the Legislature that the government move on the second issue for the fiscal year we are currently in?

*(15:10)

Mr. Singleton: I would have no concerns with such a recommendation.

Mr. Loewen: I am sorry, I did not catch that.

Mr. Singleton: I would have no objections to the committee adopting such a recommendation.

Mr. Loewen: In that case, I would like to put a motion before the committee.

Mr. Chairperson: It would have to be in writing and read into the record.

Mr. Loewen: Yes. I am prepared to read it into the record now. I might have to approve it here. I move

THAT the Public Accounts Committee recommend to the Legislature of Manitoba that the Province of Manitoba adopt the recommendation of the Auditor General in the March 31, 2002, Audit of Public Accounts; that the government for the fiscal year ending March 31, 2004, adopt the principle of restating prior-year balances as according to generally accepted accounting principles and PSAAC; and that for the year ending March 31, 2006, the government present its summary financial statements in full compliance with generally accepted accounting principles.

Mr. Chairperson: I have before me a motion presented by Mr. Loewen. I will read it. I move

THAT the PAC recommend to the Legislature of Manitoba that the Province of Manitoba adopt the recommendations made by the Auditor General in the Audit of Public Accounts dated March 31, 2002, to restate prior-years balances according to GAAP and that the Province of Manitoba commit to providing summary financial statements in full accordance with GAAP for presentation of its summary financial statements dated March 31, 2006.

The motion is in order.

Mr. Selinger: I am going to move that we table this motion and ask the Finance officials to bring forward an analysis of what the implications would be for the finances of the Province and other issues that they might see arising out of this. When they bring that

report forward, we will table it at this committee and then we can come back and deal with the motion.

Mr. Loewen: I am hesitant to even consider that. We have had the Auditor General indicate that there is no legislative reason why we as a Province could not move forward with that. We have had the minister indicate that as far as he is aware and his officials at the table are aware, there is no legislative reason why that could not be done. We have had the Auditor General of Manitoba recommend that the Province move in this direction.

This seems to me just like another stalling tactic on behalf of government. At the very least, if the minister feels that he needs a report back from his Finance officials, who can give us no reason today even though they are at the minister's side, as to why we would not proceed with this. At very worst, we would have a time frame on the response from the department and I would suggest that that time frame should be very, very quick, even the end of September.

* (15:20)

Mr. Chairperson: Is the committee ready for the question?

An Honourable Member: Question.

Mr. Chairperson: We have before us the motion that was read into the record.

Voice Vote

Mr. Chairperson: All those in favour, please say yea.

Some Honourable Members: Yea.

Mr. Chairperson: Opposed.

Some Honourable Members: Nay.

Mr. Chairperson: In my opinion, the Nays have it.

Formal Vote

Mr. Loewen: Can we have a recorded vote, please?

Mr. Chairperson: A recorded vote has been requested.

Mr. Selinger: Can I move an amendment first?

Mr. Chairperson: Is there a willingness to have the minister make an amendment to the motion?

The committee can withdraw the vote if there is an agreement, and the minister would entertain an amendment to this motion.

Mr. Selinger: My officials would like to read the motion and make sure they understand it. We do not have it in writing in front of us. We have had it read out in the record. Really, what I am suggesting is that we give some time to the officials to analyze it. The member asked if it could be the end of September. I think people would need at least a month to analyze it.

Mr. Chairperson: I believe a vote has been called and we have to deal with that vote first, then it can be moved from then.

A COUNT-OUT VOTE was taken, the result being as follows: Yeas 3, Nays 6.

Mr. Chairperson: The motion is therefore defeated.

* * *

Mr. Selinger: I would move that the motion put forward by the Member from Fort Whyte be referred to the Department of Finance for an analysis of what the implications of it would be and report back to this committee as soon as practically feasible.

Mr. Chairperson: I need that in writing.

I will ask the minister then, "Are you willing to withdraw your motion?"

Mr. Selinger: I will withdraw it. The Clerk is indicating that the motion is no longer in play because it has been defeated. I will simply ask my officials to analyze without moving a motion. I am just going to analyze it and bring back the information through myself that I will share with the member about the implications of the motion just defeated, but I will not move it as a motion.

Mr. Chairperson: Moving on then.

On this report.

Mr. Loewen: Again, to the Auditor General, there are a lot of comments here about the SAP and certainly a lot of work has gone in by yourself and your office with regard to the enterprise solution system that is in place. Quite frankly, in my view, this is one of these issues where we would be best served by having department officials at the table so we could ask them questions directly. It is a very detailed and convoluted issue, but I would just wonder, as we do not have access to the department officials at this point, if you can give us a bit of a follow-up in terms of your recommendations and what recommendations have been put in place, or are partially in place, or what recommendations have been totally ignored and perhaps just give us your position on where these items stand.

Mr. Singleton: That kind of a question, or wish to pursue that, is something that I would be happy to respond to, but I do not feel prepared to answer those kind of detailed questions on SAP this afternoon.

I can say that we audit it every year as part of the Public Accounts thing and we also do a detailed audit on occasion, with the use of experts, of the controls that have been built into the report, but if it is the will of the committee or a member of the committee I would certainly be happy to undertake to come back to the committee with an update. I would point out that there is an update in the March 2003 report of this as well.

Mr. Loewen: I thank the Auditor General for that information. I am just wondering, we had agreed previously that at 3:30 we would deal with the questions that are on the agenda. Maybe we can have a comfort break for five minutes and reconvene at 3:30 because we will probably be going for a while.

Mr. Chairperson: Is it the will of the committee to have a recess for five minutes or until 3:30?
[Agreed]

The committee recessed at 3:25 p.m.

The committee resumed at 3:34 p.m.

Mr. Chairperson: Call the meeting back to order.

Now we are going to deal with the agenda items that were submitted by Mr. Loewen. We can read

these into the record if you like. There are questions here that were put forth:

1. Will the Auditor General provide a report to the Public Accounts Committee on his attendance at the CCPAC/COLA Conference?

Mr. Loewen: Just to, hopefully, improve the process. I just want to get clarification here, because I believe it was agreed as a committee that prior to the sitting of this committee, any committee member would have the opportunity to submit either agenda items and/or questions.

In my view, I have submitted questions. I do not need them to be read into the minutes as agenda items or even dealt with as agenda items.

I think, as a committee, we need to have some understanding of how we are going to treat questions that arise from members of the committee in an ongoing form. I would hate to get into the situation where every time we sit down and meet as a committee, the first thing we have to do is figure out whether we are going to answer a question from a member or not, or allow a question from a member to be answered.

I would hope we would take it as a matter of course that members will bring questions that they have a right to expect answers to and that, in some course in our meetings, we would just simply deal with the questions and have whoever it is the questions are asked of respond to them. So I just want to make sure we are not setting some precedent here whereby every time a member of this committee wants to raise a question, we have to go through this whole process of amending the agenda and trying to come to agreement amongst ourselves about when we will deal with them.

Mr. Selinger: Just thinking about it as I understood this was brought in, in '91-92. I think every committee meeting of the Legislature has an agenda which prescribes the terms of the meeting and gives a focus for the activity of the members. I think, as I understood it, in '91-92 it was agreed that prior submission of questions or agenda items could be brought forward so that the House leaders would consider whether or not to include it in the agenda. That seems to me to be a reasonable proposal, because if any question could be submitted and automatically had to be answered you could be all

over the map. You could have no agenda and never get to your agenda. So it seems to me not unreasonable that when the questions are submitted, then it is still up to the committee as posed by the Chairperson at the beginning of the events today to ask the question of the members of the committee whether they want to deal with the questions and when.

Point of Order

Mr. Loewen: I would be willing, in fact I would be very interested, in hearing some advice from the Auditor General because I think he was involved in the process that got us going in terms of having written questions submitted. Maybe he can reflect on some history in terms of how we got to this seemingly unmanageable point.

Mr. Chairperson: Okay. There is no point of order.

* * *

Mr. Chairperson: What we will do is we would just read the question into the record and then the discussion will prevail.

The first item is this: Will the Auditor General provide a report to the Public Accounts Committee on his attendance at the CCPAC and COLA conference?

Mr. Singleton: I am sorry. I thought you were going to read them all in.

Mr. Chairperson: No. Just one at a time, they say now.

Mr. Singleton: What I would undertake to do is to provide a written report back to the committee on that conference and also to make a presentation to the committee if they so wish at a future meeting. Right now, I can provide you with a brief synopsis of what we discussed at the conference and the Chair may want to fill in.

These conferences are held jointly with the public accounts committees and the legislative auditors from across the country. They are two-day conferences, and we always schedule one agenda item as a joint agenda item at which both the auditors and the members of the public accounts committees attend. This year, we had that session and it was

basically being run by CCAF, who had done a survey of public accounts committees across Canada on their procedures and practices. As CCAF indicated at the presentation, that was essentially the starting point in a major research project that they are doing on how to improve the effectiveness of public accounts committees in general. It seems likely to me there will be a follow-up on that at next year's meeting, which is scheduled to be held in Ontario in the middle of August.

There were also participating in the discussion—because it was kind of a panel discussion—representatives of the audit office from Canada, the public accounts committee from Québec, a representative from the public accounts committee in British Columbia and the legislative auditor from British Columbia and a third one that escapes me at the moment. We basically talked about their practices and what they saw as the major issues in making their committees more effective and strengthening the relationship between the auditors and the committees. I think those presentations were transcribed, so the Chair and I would probably have an opportunity at some future point to summarize that in more detail for the committee.

*(15:40)

When we broke into separate meetings, the key agenda items for the legislative auditors in our meeting had to do with new quality assurance standards. As a result of difficulties that auditing firms have been having in the private sector with private-sector financial statements, the Institute of Chartered Accountants of Canada, in co-operation with governments in Canada, has created a council on public accountability, the Canadian Public Accountability Board, to oversee the activities of auditors and to introduce a rigorous new system for assessing the quality control procedures that auditors use in arriving at an opinion on a set of financial statements.

We in the legislative audit community are not subject to that particular board, but we are interested in being able to assure members of our respective legislatures that our audit practices meet that standard as well. We had some discussion about that at our meeting. We have created a task force that will be working over the next couple of years to go through all the quality assurance processes in legislative audit offices and come up with an action

plan to address any gaps we see between our practices and those recommended by the Canadian Public Accountability Board. That was one topic.

Another topic had to do with working toward some common approaches to auditing financial statements. We think there might be opportunities, by working together, to standardize more of our audit methodology so we could do staff interchanges more easily, do more cost effective training of our staff because we are all following a similar methodology. We created a task force to address that, to help improve the efficiency with which we conduct our audits over time.

The third subject that we spent time talking about was the sponsorship scandal at the federal government level, and we had a representative of the Auditor General's office of Canada do a presentation on things they learned from what happened as a result of that particular audit that they would change in future years and recommendations they have for the rest of us that we might think about incorporating into our own procedures to deal with very controversial audits.

Mr. Loewen: I thank the Auditor General for that report, and I just want to clarify that I did not mean to create a whole bunch of work for you. I just think it is important. In terms of a written report, I think that, if there is more you want to expand on, that is fair enough, too, but I do not think we are looking for a detail of how you spend every hour of every day. I do think it is important for the committee to understand that these national meetings are taking place and that there are issues of a national scope that we need to be aware of in Manitoba and to work towards solutions here as well. I am particularly interested in the issue surrounding the improvement of Public Accounts, obviously, and will look forward to any further updates you might have in the future regarding what comes out of that task force or survey or just what we should do. Thank you very much.

Mr. Chairperson: The next question is in regard to the Chair providing a report, which is myself. I can say that the Member for Elmwood, Mr. Jim Maloway, and I attended, as was pointed out by the Auditor. The first session was a joint session between the auditors and ourselves, CCPAC, and then we more or less had our own meetings together. I think, with the beauty of Hansard, that all my report will be recorded so I do not have to hand in a written

one. It sounds like I am going back to school; the first day of school you hand in a report, but anyway—

An Honourable Member: How I spent my summer.

Mr. Chairperson: How I spent my summer. Yes. Around the interesting conference table, but it was very informative. I think that the participation by the Member for Elmwood and me in some of the discussions was of benefit. The two things that I will comment on that came across quite constantly in both our conversations around the table were the topic of GAAP and how governments across Canada are moving toward it and some of the situations that they are encountering.

British Columbia is moving toward it, and the member from British Columbia gave us quite a report on her position of what GAAP was and how it affects the government's finances and the reporting of finances. Nova Scotia, from what I understand and from what they reported, they have used it for quite a while now, and they are quite satisfied with it. Alberta uses GAAP, I believe. I guess Canada is using GAAP, but a lot of other provinces are moving toward it. There was a fair discussion on the generally accepted accounting principles, and it was quite lively at times in discussions as to what is happening in so many other provinces and what their positions are.

The other thing that was quite interesting was the discussion on the reporting procedures that various governments are trying to implement for standardization of reports so that when reports are issued by a government, in general all departments their reports are more or less using the same criteria as a measurement outcomes and expectations and objectives. I found that was quite interesting in the sense that as legislators we are well aware the reports that come out of one department are a lot of times a lot of different than other departments, so there was the call for trying to standardize reports within not only the individual governments across Canada but also in government in general right across Canada, so that you have a recording system in which, when you are talking about apples and apples, you are not getting things confused with another province or another department within your own government.

So I think here in Manitoba there is an opportunity to look at that type of approach toward

reports and how that can be implemented, the public accountability of what Public Accounts is for. It has been mentioned before that a lot of the meetings that are held across Canada are a lot more than the Public Accounts here in Manitoba, but it was also pointed out that sometimes there are meetings just for the sake of having meetings. Whether they are of any type of value in some provinces that schedule them on a weekly basis and they are only half-hour meetings. The content and the discussion would be a little suspect as to what type of result would happen. It is better to have constructive meetings and maybe more of them but to have some sort of fairly strong agenda to it, instead of just having a meeting. That was more or less what the Member for Elmwood (Mr. Maloway) and I participated in and that was about it for what we were doing other than if you want to hear about some of the lunches, the dinner.

We will now move on to another question that was posed by Mr. Loewen.

Will the Auditor General file an update on the progress made on recommendations for the reform of the Public Accounts Committee?

Mr. Singleton: Thank you, Mr. Chair. I think we have covered some of that already, but I might pose a question back to the Chair for the information of the committee as well.

It is my recollection that at the last meeting of the Public Accounts Committee a motion was passed requesting the two House leaders to meet with the Chair and the Vice-Chair of the committee to put together some procedures for actually implementing the new mandate that has been approved for the committee by the Legislative Assembly. You may recall that there was a lot of discussion at the last meeting about, "Okay, we have this new mandate, but how do we actually make it work?"

I think the committee wrestled with that for a while and then passed that motion. I believe it was a motion where the Chair and Vice-Chair would meet with the two House leaders to try to work out a satisfactory way of implementing the procedures. I do not believe that meeting has happened. I tried to invite myself to the meeting but since it did not happen I did not get invited.

So I think that either through that process or the committee itself, there is still work to be done on

looking at how you actually operationalize that mandate in your ongoing meetings to make them as effective as possible.

Some obvious things come to mind, that it would be useful to have meetings that focus on perhaps just one chapter or one report at a time, so there is adequate time with the presence of officials to actually pursue and understand that report and make recommendations as a committee at the end of it.

It seems unlikely that four meetings a year would be enough to get through the number of reports that we produce each year so the committee might want to think about having more than the minimum.

My last conversation with the Government House Leader (Mr. Mackintosh) was certainly that there was willingness to discuss having more meetings as necessary. I think that is about all I have to say on question 3. Some of the other questions will come back to that.

* (15:50)

Mr. Chairperson: Maybe I could just mention that there has been no meeting with the Chair or the Vice-Chair and the House leaders, but I will ask Mr. Derkach maybe to comment as Opposition House Leader.

Mr. Derkach: As Opposition House Leader, I can indicate that there has not been a meeting set up. But I was wondering who is to undertake the setting up of that meeting. Is it the government or is it the Auditor General or is it the committee Chairperson?

If we could get clarification on that, I am sure we could proceed with the meeting.

Mr. Chairperson: That is a good question. I guess maybe what we can do is the discussion can take place. I will initiate the discussion in the sense of contacting the Vice-Chair and through my House Leader he can contact the House leader and we can try and arrange a meeting on that.

Mr. Loewen: Yes, I wonder if we could be so bold as to ask, or if it requires a motion to set a time frame around this. One of the frustrations is that we passed a motion in 1999 that a committee was going to meet to go through the rules and it never met. We passed a

somewhat similar motion in 2002, I believe it was, that said we would have a subcommittee of this committee that would meet and go through this and present any changes back to the committee before they went to the Rules Committee. Subsequently, without coming back to this committee or to a subcommittee of this committee, which I do not think ever did meet, rules were changed and negotiated between the different House leaders. We just seemed to get into this endless circle of we are going to pass a motion. We never put a timeframe on it and five, three years, later nothing has happened.

I guess on that basis maybe it would be prudent for me to put forward a motion that the meeting that was referred to in a motion passed by this committee in December of 2003 meet prior to the end of September 2004 and include the Auditor General in the meeting.

Mr. Chairperson: Maybe what I can make as a suggestion, since the Opposition House Leader is here and myself and the Vice-Chair is here, that the discussions between myself and the Opposition House Leader and the Vice-Chair will make contact with his House Leader and then a meeting will be arranged after that to try to get this on track as soon as possible. I think that with dates sometimes it is hard because of the fact that we are dealing with Cabinet ministers and distance involved if we can make that type of commitment, if that is satisfactory to the committee.

Mr. Gerrard: Just one comment. In the spirit of working together, I am sure the MLA for Inkster, who is Liberal Party House Leader, would be happy to participate in such a meeting if he were asked.

Mr. Loewen: Once again, I just want to reiterate. I think the salient points here are that the Auditor General be invited and you did not indicate that. I would hope that would be part of the commitment, too. We will take it at face value seeing as how we have three of the participants, hopefully four of the participants, here that it will happen very shortly. On that basis I am willing to leave it in your hands, Mr. Chair, but I do think it is important that the Auditor General be in attendance to give his advice. He is the one more closely involved in this issue than any of us, quite frankly, and I think we owe it to him to take advantage of his knowledge and expertise in this area.

Mr. Chairperson: I thank the members for that input.

We move on now to the next question that was put forth: Are there other recommendations that the Auditor General would like to make to the Public Accounts Committee that have arisen since the recommendations first made in 1997?

Mr. Singleton: No, I do not think I have any new recommendations other than in the input I would like to share at that forthcoming meeting and, of course, the three recommendations that were not adopted under the new rules that I would continue to believe would be appropriate for the committee to adopt. Those three things being: not having ministers on the committee; giving the committee the power to call its own meetings; and being able to invite officials to respond to questions.

Mr. Chairperson: The next question was this: Will the Auditor General expand on recommendations regarding the calling of witnesses before the Public Accounts Committee? Would this extend to ministers of the Crown or be restricted to individuals within departments?

Mr. Singleton: Yes, I would be happy to expand on that recommendation but there is a limit to how far I can go because I do not know all of the rules of the House. It is my understanding that if the committee wanted to have the power to subpoena witnesses and have them testify under oath, that would require a resolution either by the Rules Committee or by the Legislative Assembly itself to give the committee that authority. But I would think in the short term there is a step the committee could take on its own, after consulting with the Clerk to see whether the motion was in order, the committee could undertake passing.

* (16:00)

I would point out that every other jurisdiction in the country does ask officials to attend their committee and to respond to questions. On the question of whether ministers would attend, in two jurisdictions ministers always attend to respond to questions on an audit in their area of responsibility, that being Alberta and Québec.

In the case of Alberta, when the ministers attend, it is their call as to which officials they will bring

with them to respond to questions of the committee. In Québec often it is only the minister that appears but part of the time deputies will appear. The deputies, at that point, would determine who to bring from their staff to help them respond to questions or to respond to questions directly.

I took the trouble to draft a potential motion for the Public Accounts Committee which, if the committee had a will, it could adopt, assuming the Clerk rules the motion to be in order. Essentially, what it is doing is, instead of going as far as asking for the right to subpoena and get testimony under oath, to have the Chair invite appropriate officials to appear before the committee.

My impression is that most deputy ministers who received an invitation to appear before the committee, even though it was only an invitation, would probably feel it a good move to appear. At least in the short term, there may not be the need for the additional subpoena authority, but I leave that to the committee's discretion. With the permission of the Chair, I would be prepared to distribute this draft motion to the committee members.

Mr. Chairperson: Yes, we can have that distributed to the members.

Before I read this into the record, Mr. Derkach.

Mr. Derkach: Just a question of clarification, Mr. Chair, to the Auditor General. I noticed that in his motion there is no mention of ministers of departments as it relates to a particular department that is before the committee. Is that part of the intent of the motion, or would ministers be excluded then from this responsibility?

Mr. Singleton: Mr. Chair, I think that if the motion was passed as is it would imply that ministers would not be invited, but I would certainly not see it as being a problem if the committee wanted to modify this to include the possibility for inviting ministers. I guess my only suggestion would be that that be thought through carefully in each case because one of the roles that the committee wants to play is a non-partisan role in looking at the administration and policy, and so it would be useful to think through each time whether the minister would in fact be an appropriate person that could contribute to an understanding of the administration or not. So it certainly would not be a problem for the committee

to amend the motion to give them that option in each case.

Mr. Chairperson: Before we proceed with this, it has been brought to my attention that this was more or less brought to the committee's attention back in December 1, 2003, similar to the specifics of what the Auditor General brought forth just now in regard to calling of witnesses. At that time it did provide some discussion again, and I will just read it into the record.

"By way of the background on the witness question, I would note for the committee that the Manitoba Legislature has a long-standing practice of hearing presentations from witnesses or members of the public at committees considering legislation. Despite this, no comparable practice is currently in place for committees considering reports referred. While our rules are mostly silent on the question of calling witnesses before committees with only a few references in Rules 93 to 95 identifying provisions for the payment of witnesses, section 34 through section 39 of The Legislative Assembly Act identify a number of points on the powers and privileges of the Assembly to summon witnesses.

"While the statute provides the basis for a procedure to call witnesses to a committee, as I have mentioned, our Legislature has no established practice in this area. Given the implications of this issue on other standing committees, I would like to ask if there is a willingness among the committee to consider continuing this discussion in another form, either through the meeting of the House leaders or, if necessary, in the meeting of the Standing Committee of the Rules of the House to consider this matter."

I believe at that time that there was an indication that the House leaders would discuss this matter, and that it would come back to the committee or for some sort of interpretation further. I only refer back to what was already previously talked about in regard to this matter of calling witnesses.

Mr. Loewen: You are right. It is very sketchy. We have had this discussion a number of times with this committee with regard to the calling of witnesses. Clause 34 of the Legislative Assembly does provide that the Assembly may call witnesses, and when those witnesses come basically as a result of a request by the Legislative Assembly we do have the power in committee, basically the power of court, to

put them under oath. Having said that, it is something I do not believe has ever been done from what I have been able to determine prior to this meeting.

We also have in the rules and particularly in the rules involving the Public Accounts Committee, that we have a couple of references, one basically being that the Chair has the right to question witnesses, basically giving you, as Chairperson, the right to question witnesses. We also have some provisions for paying witnesses, but we have no provision anywhere for how or what circumstances might be used to call witnesses. It is a failing in the way the rules have been drafted, and I think it is one that needs to be addressed very, very quickly. We have been around this issue since the nineties. In '97 there was a recommendation from the Auditor General. We tried to strike a committee in '99; that committee never met. We talked about it in a motion passed, I believe, in 2002, once again as a subcommittee of this committee; that committee never met. Here we are in 2004 and we have made virtually no progress.

*(16:10)

I think what the Auditor General has brought to us is, while it may not be perfect because it does not specifically deal with ministers, I think it certainly is a good start. I thank the Auditor General for bringing this issue forward but I would think it is time for this committee to deal with this. It is a fairly straightforward matter that has been recommended. It is in practice across the country and therefore on the basis of the recommendations of the Auditor General and with respect to him I do not believe that it is permissible for him to move a motion in this committee. I will take up his banner and move

THAT when matters under consideration for a particular Public Accounts Committee meeting have been determined the Chair shall notify by letter the administrative heads of organizations whose mandate relates to the Auditor General's reports under consideration requesting them to attend the meeting with such other officials from their organization as they deem necessary to respond to questions the committee may wish to ask them.

Mr. Gerrard: I certainly support, if that needs a seconder, I would be prepared to second that. I think it is important that we take this step. I think there has been enough delay since the earlier discussions. This

clearly does not cover all circumstances, and the question of when and where ministers might be called or the question of when and where people from outside of departments might be called remains to be resolved. I think that those could be usefully the subject of the House leaders' discussions, but I would say that it is very important that we move today on this motion to take the first step.

Mr. Chairperson: I should point out that it has been moved by Mr. Loewen in regard to the motion that was put forth, and I will just read it into the record again then.

THAT when matters under consideration for particular Public Accounts Committee meetings have been determined the Chair shall notify by letter the administrative heads of the organizations whose mandate relates to the Auditor General's reports under consideration requesting them to attend the meeting with such other officials from their organization as they deem necessary to respond to questions the committee may wish to ask them.

I will take this motion under advisement in consultation with the Clerk and we will bring back a decision tomorrow. We will come back with a ruling.

Mr. Derkach: I think I missed something here, Mr. Chair. You have a motion before you and are you in question with regard to whether it is in order or not, or what is the issue that you are going to come back to us with a ruling on?

Mr. Chairperson: The motion is in order. However, the mechanics are what is causing the problem, and this is what has to be clarified through the Clerk's office because this is an outstanding motion that was supposed to be addressed prior but is now being reintroduced.

Mr. Derkach: Mr. Chair, it seems to me that this is a very straightforward motion. The previous motion was simply referred to House leaders. There was no request for House leaders or the Chair or Vice-Chair to come back to this committee with a report on the discussions regarding witnesses and whether the House leaders considered it or not is, in my view, irrelevant. I think what is relevant before this committee is that we have an active motion before this committee. The motion is in order, and so I do not understand why it is we are asking for a delay and a ruling. I am not sure what the ruling is on. If

you could clarify what the ruling is on then, perhaps, I would be satisfied. But at this point in time we have another committee sitting tomorrow and if we do not come back with a ruling on this matter until after tomorrow's sitting then we miss the opportunity to have witnesses come forward in tomorrow's sitting as well.

Mr. Chairperson: At this time, then, I am prepared to entertain the question, and I will ask that the question before the committee is whether this shall be adopted.

Mr. Martindale: I would like to speak to the motion and point out that we are currently operating under new rules. However, we have not really had an opportunity for the committee to have very many meetings under the new rules so I think making a further change at this time is premature.

Secondly, I think the real issue is the need for more meetings and the government is open to that because we have a backlog of reports to deal with and I am sure that opposition members have many questions on those reports. We are willing to accommodate that by giving more time.

Thirdly, I think the real principle at stake here is ministerial responsibility. Under our British parliamentary democracy we have inherited and adapted, the minister is responsible for all the spending in his department, or in the case of the Public Accounts Committee, the Minister of Finance is responsible for the spending in all departments. That minister is here to answer questions.

Ministers answer questions not just in a general sense on behalf of their department, but they are responsible for all the decisions in their department, both financially and otherwise, and responsible for mistakes or omissions or errors of the civil servants in their department. They are the ones that either take the fall or get demoted or shuffled because of their actions or inactions, or the actions or inactions of civil servants. I think it is appropriate that ministers, in this case the Minister of Finance (Mr. Selinger), the minister that reports to Public Accounts, be the one that defends the decisions of ministers and the government.

We are not going to reject this in its entirety. In fact, I have an amendment. I move this motion be amended by adding the following:

THAT the above motion if passed be referred to the House leaders and the House Rules Committee for consideration.

Mr. Chairperson, if you would take out "if passed" since my amendment assumes that it is going to pass.

Mr. Chairperson: It has been moved by Mr. Martindale that the motion be amended by adding the following:

THAT the above motion be referred to the House leaders and the House Rules Committee for consideration.

The motion is in order.

Mr. Loewen: The amendment to the motion is not a friendly motion. It is simply put there to delay and ensure we do not get to the bottom of the issues that have been brought before us by the Auditor General and his staff. We are looking for the original motion to be passed as it stands. It is a recommendation from the Auditor General that has been before this committee since 1997. There is no need to further study it, further delay it, have further input.

The Auditor General has had the foresight to come forward with wording for a motion under this committee. What we have is simply a stalling and delaying tactic by the members of the government. If the Member for Burrows (Mr. Martindale) is determined that there be true and factual ministerial accountability to this committee, the member should have the courage to follow up on the other recommendation of the Auditor General and that is to remove the Minister of Finance from this committee. We should have ministers come to this committee and be fully accountable for their decisions or lack thereof.

* (16:20)

In order to get the information before this committee that it needs to make value judgments and to understand what is going on and what has resulted from recommendations of the auditor, we need the department staff here. The Auditor General has recommended this. They do it everywhere else in Canada. Somehow, this member and his minister and his party want to take us back a century in Manitoba

and keep Manitobans in the dark which seems to be their preferred strategy.

They have the power on this committee to go ahead and pass this ridiculous amendment. What I am saying is enough of the stalling and delaying tactics we have seen from this government since they were elected in 1999. There is no need for further discussion. If we want to send it to the House leaders for consultation, we have tried that on three separate occasions and it has not worked. It is time for this committee to take the responsibility, do the job that is mandated to it according to our rules and regulations and get on with the business of dealing with these reports in an organized fashion and to do that we need departmental staff and we also need ministers at the table

I am prepared, and this motion has been put forward to see that we at least start down that process, and I see no reason for amending it other than the government's desire to delay. The result will be that we will be sitting with these reports for years to come until anything happens. So I would urge the Finance Minister, who still sits at this table, to do the right thing, follow up on the recommendations that the Auditor General has been making to this committee. Get us into the new millennium and let us get this committee functioning properly so that we can deal intelligently with the reports that are before us.

Mr. Derkach: Well, Mr. Chair, as I said previously, this motion is fairly straightforward and I would be one who would favour adding ministers to the list of people who should be called before this committee. But I would ask that the government spokesperson should contact his House Leader because he seems to be a little bit offside with his House Leader.

I would simply quote from a letter I received from the House Leader regarding tomorrow's sitting of the Public Accounts Committee, when he says in his last paragraph, and I will quote, "The current Minister of Family Services and Housing, the Honourable Christine Melnick, is available to attend the committee on September 8th to answer questions and provide members with details on the implementation of the Auditor General's recommendations."

So, obviously, the government is now in favour of having witnesses come before this committee. All the Auditor General is doing is adding administrators

and heads of organizations and departments to the ministers as well. So to make the motion complete, Mr. Chair, I would think the amendment that would be in order would be to add ministers to this list and then the motion should be in agreement with what the government is intending to do. So there should not be any question about the government voting against this at that point in time.

Mr. Chairperson: I should point out that the rules that we are governed under in this committee are set by the Rules Committee. The Rules Committee sets the rules. The committee does not set its own rules. So it has been pointed out that if there is a change to the rules, it has to come through from the Rules Committee. This committee cannot make up its own rules for interpretation.

Mr. Gerrard: I think that what should also be clear is that this is very much within the framework of the changes that have been proposed and recommended, in other words, the calling of witnesses and doing this in the kind of fashion that is being proposed by this motion, and therefore the argument from the Member for Burrows (Mr. Martindale) that this is some radical change is just wrong. This is part and parcel of the way that we should be operating and it is just clarifying the procedure in one particular respect. I think that we should proceed with this motion and that we should approve it and proceed on that basis.

Mr. Martindale: I would not want Mr. Derkach to think that I am offside, so I acknowledge that is in the letter and we have agreed to that. I thank him for reminding me of that because I did not know that but I did not have the letter in front of me.

Secondly, I appreciate the intervention of the Chair because that was the point that I was going to make, that this committee cannot change the rules in and of itself. The rules have to be changed by the Standing Committee on Rules. In fact, my motion does not delay or obstruct or stop anything. In fact, it expedites and makes it faster to get a change because had your motion been voted down, nothing would have happened. We would have been at a stalemate. It was out of order. This committee cannot change the rules, but we are expediting this by referring it to the Rules Committee where it can be discussed. So I encourage you to support my amendment.

Mr. Singleton: It might be useful to have the Chair or the Clerk clarify the meaning of the rule that has

been adopted for the House, Rule 108(b), which indicates that the Chair shall play a lead role in all aspects of the committee work and shall be the spokesperson for the committee. The Chair may propose procedures that will facilitate the operation of the PAC.

Now I am not clear on what the difference between a rule and a procedure is, but in constructing the motion I did try to make it as open-ended in terms of just being an invitation that went to people and not a summons to them so that it would not invoke the more onerous requirements of the Legislative Assembly needing to authorize the summoning of witnesses. Anyway, it might be useful to understand whether this motion would constitute a procedure and not need to be referred to the Rules Committee in which case the Chair would have the authority to propose it or not.

Mr. Derkach: Mr. Chair, I was just going to point out that under The Legislative Assembly Act, section 34, I think it is, does allow for the Legislative Assembly or its committees to call witnesses forward. In that spirit, I think it is quite in order for this committee then to be able to do that instead of its going through a complex Rules Committee and then coming back to the Legislative Assembly for approval.

* (16:30)

Mr. Chairperson: The member is right in his referral to section 34, but it is the Legislative Assembly that can make the request to call legislators, not the committee as an entity in itself. That is the difference. That is what I have been told. That is the interpretation. As it has been pointed out, the Legislative Assembly may command and compel the attendance before the committee, but the committee cannot request the attendance. The Legislative Assembly has to request the attendance, not the committee, and the committee does not have the power to change that, to make that rule. The Legislative Assembly has to do it under the Rules Committee.

Mr. Loewen: Mr. Chair, I do not think you are right. Put it that way. Rule 108 which, as the Auditor General pointed out, deals specifically with the operation of the Public Accounts Committee, states that the Chair shall play a lead role in all aspects of committee work. It also states in 108(e) that the

Chair may participate in the questioning of witnesses and other committee deliberations. We have, obviously, written in the rules that the Chair can participate in the questioning of witnesses, so it is obvious that we have the ability to call witnesses; otherwise why would we give the Chair the ability to call witnesses?

Again, as you ruled earlier, the motion is in order, the one that I proposed and I think we need to have a vote on that. What I cannot understand is why there is such objection now all of a sudden from the members opposite, particularly the Member for Burrows (Mr. Martindale). Back in 1999 it was the now-Minister of Energy, Science and Technology (Mr. Sale) that got up in his pulpit and said that the committee should adopt, in fact, all of the rule changes as recommended by the Auditor General.

So, obviously, we have a party that takes one position while in opposition and runs away from that position as soon as they get a whiff of danger from their mismanagement of certain events. Just to read directly from the record, this is the quote from Minister Sale, July 6, 1999, at Public Accounts Committee and I quote, "In my proposed alternative motion I was not suggesting that the subcommittee adopt all the PAC guidelines. I was suggesting that the subcommittee adopt the recommendations of the Auditor at the end of this presentation."

So there we have, in a committee meeting in 1999, the opposition saying we should pass all of the recommendations from the Auditor General and today they are doing everything possible to ensure that the final recommendations from the Auditor General do not go anywhere. It is just so obvious that they are playing politics with this issue and trying to shut down the effectiveness of this committee, for what reason I can only speculate is fear on what it might actually find out were it allowed to operate in a proper function.

I would ask the Member for Burrows to withdraw that subamendment, to go back to the position that his party took in 1999 and to move ahead and vote for the motion that I have before this committee, that witnesses be brought forward as necessary. Again, Mr. Chair, you have already ruled that the motion is in order which calls for a vote. So let us get on with voting on that. We have other business to conduct before our imposed deadline at five o'clock.

Mr. Selinger: I am just listening to the conversation here and I am remembering the comments put on the record by the Chair of the committee. These are comments he had put on before: While the statutes provide the basis for a procedure to call witnesses and, I believe, that the statute that is being referred to is section 34 where it indicates the Legislative Assembly may at all times command and compel the attendance before it or any committee thereof of such persons and papers as required.

Then the Chair goes on to indicate that because there is no established practice in this area to do that and because it has implications for other standing committees that he believed it should be dealt with by the House leaders and the Standing Committee on Rules of the House. The Member for Burrows has made an amendment to get it back there and get it dealt with by the House leaders and the Standing Committee on Rules of the House.

I think it would be imprudent not to pass that amendment and for this committee to ignore section 34 of The Legislative Assembly Act and take unto itself the powers to request witnesses to come here without knowing the legal implications of that and whether or not it corresponds with the law. We could be setting ourselves up for some very strong reactions from civil servants who might not be comfortable coming here for a variety of reasons. As well, we could be setting ourselves up for some litigation on whether or not The Legislative Assembly Act allows that. I think that is the purpose of the House Rules Committee. The purpose of the House Rules Committee is to set the rules for the House under The Legislative Assembly Act and to make sure that they apply equally and equitably to the committees to which those rules will apply.

The Chair of the committee today undertook to call a meeting of the two House leaders and the Vice-Chair of the Public Accounts Committee to expedite discussion on these and other matters and I think that that is the proper way to go. I feel I have to support the Member for Burrows' amendment because it is the prudent thing to do and it would not set us up for a number of potentially unfortunate consequences by being imprudent and impatient and trying to jam through a set of procedures which seem to contradict section 34 of The Legislative Assembly Act where the power is vested in the Legislative Assembly itself and not in its committees. I would recommend that we call the question on the

amendment and the motion and try to move this forward in a way that is expeditious.

Mr. Singleton: I am feeling a little awkward here and I do not want to be interfering with the committee's deliberations, but I think there is a fundamental misunderstanding of the wording of the motion that is here. At least there was an attempt to craft it in such a way that it did not conflict with section 34 because it does not use the words "command" and "compel." It only uses the word "invite" people to attend and uses words like "requesting." My understanding of this motion, if it were passed, officials could say, well, I have been invited but I do not have to go. Therefore, the intention was to try to craft in such a way that it would not invoke the complications of needing to compel people to attend.

Mr. Selinger: I appreciate what the Auditor General was trying to do. He was trying to avoid compulsion, but he himself said in his opening remarks that it would be very difficult for an official to say no to the committee. I think that goes back to all the points I just made in my previous discussion. If a person did not feel they could say no, de facto they might feel compelled whether or not the motion required that or not. Then I think that does potentially conflict with section 34, and it has been done without the consent of the Legislative Assembly nor the House Rules Committee. I think it is only prudent to get those groups who are examining those matters to do it properly and to seek the proper legal advice.

I would not want to be setting up civil servants for a feeling that they could, but if they did not they could be in big trouble, not attending the committee. That is a form of coercion as well. That is why we have a House Rules Committee to review these things and the Member for Burrows (Mr. Martindale) whose amendment was an attempt to expedite that and not take us down a path that could have unforeseen consequences.

Mr. Loewen: I would hope the Member for Burrows would heed the advice from the Auditor General and withdraw his amendment. I mean, it is obviously a blatant attempt, particularly as we see now by a minister who is represented in Cabinet and on Treasury Board, to avoid the calling of witnesses before this committee. I think it is disdainful on his part and for the life of me I cannot understand why. Well, I know, I understand why. It is because they are afraid. They are afraid of what may come out of

people reporting to this committee. We have seen that in the minister's non-answers already on issues brought before us today.

I would simply ask the Member for Burrows to do the right thing: withdraw his amendment. Let us bring this committee into the century we belong in and get on the same footing as the rest of the provinces in Canada and the Government of Canada and get this committee moving forward. Let us vote on these issues.

Mr. Selinger: I agree with the member's call for a vote on the issue, but I regret that he has to impugn motives and try to attribute to members on this side of the House reasons for why this is done. I put on the record the reasons I think it would be prudent to refer it to the House Rules Committee and the House leaders, because of section 34. If the member wants to act rationally he can vote in favour of his motion. I think the amendment was an appropriate one which would expedite the ability to deal with these kinds of issues in a way that would not create exposure for us that is unnecessary.

* (16:40)

Mr. Derkach: Mr. Chair, unfortunately, the Minister of Finance (Mr. Selinger) and the Member for Burrows (Mr. Martindale) have not listened very attentively to the explanation given to this committee by the provincial auditor when he indicated why he chose the words carefully when he crafted this motion. The other part of this is that most jurisdictions, as I understand it is in the report of yourself and the Auditor General, do call witnesses, so it is not as though this has never been broached before or this practice has never been tried before.

It is true it is not a practice that has ever been tried in Manitoba, but many times government says we are doing a particular action because it is being done successfully in other jurisdictions.

This particular issue with regard to witnesses is done successfully in other jurisdictions. It works effectively to make sure that government is held accountable for its actions and for the monies it spends. I think it would be in the best interests of the taxpayers of this province to ensure that witnesses could be called forward to ensure there is transparency and accountability on the part of government with regard to how public monies are

being spent on behalf of the ratepayers and taxpayers of this province.

With the greatest of respect for the Member for Burrows, to avoid embarrassing himself I think it would be wise for him to withdraw this motion and let us get on with voting on the real motion that is before us.

Mr. Chairperson: Before us is the amendment brought forth by the Member for Burrows that the motion be amended by adding the following: That the above motion be referred to the House leaders and the House Rules Committee for consideration.

Voice Vote

Mr. Chairperson: All in favour of the amendment, signify by saying yea.

Some Honourable Members: Yea.

Mr. Chairperson: Opposed, say nay.

Some Honourable Members: Nay.

Mr. Chairperson: In my opinion, the Yeas have it

* * *

Mr. Chairperson: Now we will vote on the main motion as amended.

Mr. Loewen, would you read your amendment into the record?

Mr. Loewen: At the end of "for consideration.", I would remove the period and add, "and report back to this committee by September 30, 2004."

Mr. Chairperson: Before we can entertain the motion that was put forth by Mr. Loewen, we have to vote on the main motion. Once the main motion is voted upon, we have a complete motion with a subamendment. Then it possibly can be amended at that time. We have to vote on the main amendment right now.

The main amendment is

THAT when matters under consideration for a particular Public Accounts Committee meeting have been determined the Chair shall notify by letter the

administrative heads of organizations whose mandates relate to the Auditor General's reports under consideration, requesting them to attend the meeting with such other officials from their organization as they deem necessary to respond to the questions the committee may wish to ask them.

Point of Order

Mr. Derkach: On a point of order, Mr. Chair, a subamendment to a main motion is made prior to a motion, I believe, under the rules of the Legislature and is voted upon before the main motion. I am not an individual who is steeped in the rules, but in past practice we have always dealt with it in that manner. I am wondering whether it is appropriate for us to vote on a motion and then try to bring in a subamendment. It just does not work. You have to have a subamendment before you vote on the main motion, in my way of thinking. I am just asking for clarification on that. This seems to be very confusing.

Could we adopt the subamendment to the motion, with the agreement of the committee, by-passing, I guess, the formal rules but at least allowing the subamendment to be voted on and then getting on with the vote on the main motion?

I think we understand here that perhaps the subamendment should have been made before the vote on the amendment, but because that did not happen I am wondering, with the agreement of the committee, if we could waive the rules, vote on the subamendment and then vote on the motion.

* (16:50)

Mr. Chairperson: It has been pointed out that the calling of committees is done by the House Leader. We are, in a sense, mandating one committee, our committee, or the Public Accounts Committee, I should say, to call another meeting and putting a deadline on it. The practice of the House has been that the House leaders are the ones that call the committee meetings. So I feel that in the advice that has been given to me that we are going down a road that we have no authority to call these meetings and we have no authority to put deadlines on these meetings because it is the House Leader that calls the meetings.

Mr. Derkach: Well, then how could the Member for Burrows' amendment be in order when, in fact, he is calling, in his amendment, to have the Rules Committee meet. The motion before us is fairly straightforward. The Member for Burrows has indicated that this matter be referred to the Rules Committee. Now you have just ruled that it is inappropriate for us to do that.

Mr. Chairperson: No, I am saying that it can be referred to the House leaders but the meeting, as indicated by Mr. Loewen, that a report be back within a certain time period.

An Honourable Member: That is just advice.

Mr. Chairperson: No, it says, "and report back to this committee by September 30." That is a definite date. The calling of meetings is done by the House Leader. There is a difference between a referral to the House leaders and the Rules Committee then report back by a specific date.

Mr. Gerrard: Just two things. I think that there is an important difference here between a demand and a request. Clearly, this committee cannot demand that another committee sit by it. But it can request, all right. My interpretation of the language is that it is more along the lines of a request or a referral to the House committee and a report back may be a report that the committee has not made a decision, but at least it is a report back. This is not asking the House leader to do something which is preposterous or out of line, and we have one of the House leaders who, I would suspect, concur with that point of view.

Mr. Selinger: The wording here does not request a report back. It says, "report back." I mean, if you are prepared to say request a report back, that is a different motion.

Mr. Chairperson: I would ask then, Mr. Loewen, whether you are willing to seek leave of the committee to change your amendment and seek leave to move that it is a request to report back. We need leave to proceed with this because we have already passed it. Is there leave, Mr. Loewen?

Mr. Loewen: Well, Mr. Chair, under some duress, I will agree to that change but I will also put the onus directly on the Minister of Finance (Mr. Selinger) who is here and indicating that he will shepherd this

process through, that in fact this report comes back to us as soon as possible.

Quite frankly, it is ridiculous that we go around and around and around. We agree on these issues at every meeting. The only thing we agree on is not to do anything about it. It is silly. We have had, as I have said before, the Minister of Energy, Science and Technology (Mr. Sale), when in opposition, speaking forcefully that we should accept all of the recommendations and now we have the governing party saying, "Well, maybe not."

I will submit to your request and agree to seek leave to amend the subamendment, whatever it is by now, to include the word "request."

Mr. Chairperson: Is there leave to proceed with this amendment then? *[Agreed]*

* * *

Mr. Chairperson: Now we will try to read this all back in here.

Mr. Loewen: I move the following subamendment at the end of the motion and request a report back to this committee by September 30, 2004.

Mr. Chairperson: It has been moved and it is in order by Mr. Loewen that this be added and request the Rules Committee to report back to this committee by September 30, 2004.

All those in favour? *[Agreed]*

Mr. Selinger: The member indicated that he thought it was my job to shepherd it through. I would like to indicate that it is the House Leader's job to do this. That was the whole purpose of the referral was to expedite it along. We have two House leaders who look after the business of the House. They are both able and competent and we have a House Rules Committee, so I just wanted to clarify that the whole purpose of the referral was to go along with the suggestion of the Chair of the committee that to bring people together and get on with this business of clarifying the procedures and practices as requested in the motion.

Mr. Chairperson: I was going to read back the total motion what we are talking about here.

THAT when matters under consideration for a particular Public Accounts Committee meeting have been determined the Chair shall notify by letter the administrative heads of organizations whose mandate relates to the Auditor General reports under consideration requesting them to attend the meeting with such other officials from their organization as they deem necessary to respond to questions the committee may wish to ask them.

Also amended by Mr. Martindale that the motion be amended by adding the following:

THAT the above motion be referred to the House leaders and the House Rules Committee for consideration and, if further amended, and that the request and request the Rules Committee report back to this committee by September 30, 2004.

Voice Vote

Mr. Chairperson: All those in favour?

Mr. Gerrard: Okay, so we pass the motion?

Mr. Chairperson: Well, I am asking the question right now. All those in favour?

Some Honourable Members: Yea.

Mr. Chairperson: Opposed?

Are you voting against it or do you want to talk?

An Honourable Member: I want to talk as soon as the motion is passed.

Mr. Chairperson: Has the motion been passed? *[Agreed]*

The motion as amended has passed.

* * *

* (17:00)

Mr. Gerrard: I have a motion.

I move

THAT Mr. Peter Dubiensi be asked to appear before the Public Accounts Committee when it meets Wednesday, September 8.

I think that this is within the approach that the Auditor General—this is not a change in rules. This is not a demand. It is a request.

Mr. Chairperson: It has been pointed out this committee meeting that has been called for today and tomorrow is working under the existing rules. At this time we cannot call witnesses to the meeting. However, the motion that was just passed does open the opportunity for a possibility, but under the existing rules we cannot call persons to appear before the committee.

Mr. Derkach: I refer you to, I believe it is Rule 108, I do not have the rule book in front of me, where it specifically says the chair of the committee has the power to summon or to enter into a process which would imply to me that you have the right, as a chair, to invite witnesses to come before this committee.

Mr. Chairperson: I realize it is after five and committee should rise, but there should be an interpretation of this brought forth by the member so it will just be one moment and then we will make a ruling on it.

The member has mentioned Rule 108(b) and I will read it. "The Chairperson may propose procedures that may facilitate the operation of PAC." However, the motion that was just passed in regard to the calling of witnesses still has to be under consideration by the House leaders and the Rules Committee. Under the operating rules that we operate now, we cannot call witnesses to appear before the committee meetings.

Mr. Derkach: With all due respect, I have to contest your ruling, because this talks about a procedure. The motion that is before this committee talks about amending a procedure. It says in Rule 108(b) that the Chair may propose procedures that will facilitate the operation of the PAC. We have a motion before the floor here that is requesting the Chair, if you like, to alter the procedure to call a witness forward. Now that is the way I would interpret it. I am sure that Mr. Gerrard could clarify that, but that is a procedure, Mr. Chair, that is not asking for the rule to be changed for the way committees operate forever and a day. It is asking about a change in procedure at tomorrow's sitting.

Mr. Chairperson: The change in procedure that is requested deals with a motion that was just passed in

regard to calling of witnesses. The ability to do that has not been granted to this Chair yet, or to this committee. The interpretation that has been given to me is that it is not within the realm to call a witness. So I can only suggest that the ruling I have made has been challenged. If that is the direction of the committee, then so be it. We can ask for a vote on the ruling.

Point of Order

Mr. Martindale: On a point of order, once the ruling of the Chair has been challenged, I believe the appropriate procedure is to proceed to a vote on whether the ruling of the Chair be sustained or not.

Mr. Gerrard: I think that what this is doing is not passing a rule. It is taking a step which is well within the revised procedures of the Public Accounts Committee, and indeed by already having agreed to have the minister here tomorrow, that this is the same sort of approach in the sense that we are asking a specific person, who is connected to the matter to be discussed tomorrow, be there. I think it is entirely appropriate that this be the procedure followed and that we agree to the motion. I do not believe the Chair is right, that this is out of order.

Mr. Chairperson: There is not a point of order.

* * *

Mr. Derkach: Instead of getting hung up on issues of challenging the Chair and that sort of thing, I think common sense has to prevail here. The Government House Leader (Mr. Mackintosh) has agreed that tomorrow he is prepared to have the Minister of Family Services (Ms. Melnick) come before this committee as a witness. He has acknowledged that in a letter to me. Extending that to what Mr. Gerrard has put on the floor here, he is simply extending that to include an individual that is an employee of the department, I would think. In my discussion with the people who drafted the change in rules, it is my understanding that the procedural aspect of this would allow for those witnesses to come forward.

So, therefore, instead of having a challenge vote on this, perhaps it would be more prudent for us to research whether or not in fact the procedure would also allow for the inclusion of what Mr. Gerrard has moved.

Mr. Chairperson: It has been brought to my attention, and on the interpretation that has been presented to me, that I do not have the ability to call witnesses to come before this committee. That is my ruling. If it is challenged, so be it. That is the ruling of the Chair.

Voice Vote

Mr. Chairperson: All those in favour of sustaining the ruling, please signify by saying yea.

Some Honourable Members: Yea.

Mr. Chairperson: All opposed, say nay.

Some Honourable Members: Nay.

Mr. Chairperson: The ruling of the Chair has been sustained.

Point of Order

Mr. Chairperson: Mr. Loewen, on a point of order.

Mr. Loewen: Typically, in the heavy-handed way that this government operates, we never did in this committee meeting, at any point, determine as a committee how long we would sit.

* (17:10)

An Honourable Member: Yes, we did.

Mr. Loewen: Excuse me. We simply had the Member for Burrows (Mr. Martindale) say we have agreed to sit to five o'clock. Nobody asked me for my opinion. Nobody asked anyone to vote. We never had any discussion on it. He said it in referring to something completely different. I would ask you to check Hansard. There was never agreement.

Based on that, I move

THAT based on his performance today, and the recommendation previously made by the Auditor General, the Public Accounts Committee recommend to the Rules Committee that the Minister of Finance (Mr. Selinger) should cease to be a member of the Public Accounts Committee.

Mr. Chairperson: I believe that there was agreement that the committee would rise at five o'clock. The question was asked and it was agreed. The question was asked after proceedings started, and it was the Member for Burrows, Mr. Martindale, who asked the question. I said, "Agreed and so ordered."

* * *

Mr. Chairperson: Committee rise.

COMMITTEE ROSE AT: 5:11 p.m.

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