

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

*Chairperson*  
*Mr. Jack Reimer*  
*Constituency of Southdale*

**Vol. LVII No. 6 - 7 p.m., Wednesday, March 15, 2006**

ISSN 0713-9462

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Eighth Legislature**

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

**Wednesday, March 15, 2006**

**TIME – 7 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

Messrs. Aglugub, Cummings, Hawranik,  
Maguire, Maloway, Martindale, Reimer, Santos,  
Swan

**APPEARING**

Hon. Jim Rondeau, MLA for Assiniboia

Mr. Kevin Lamoureux, MLA for Inkster

Mr. Leonard Derkach, MLA for Russell

Mr. Jon Singleton, Auditor General of Manitoba

**MATTERS UNDER CONSIDERATION:**

Auditor General's Report – Examination of the  
Crocus Investment Fund – May 2005

\* \* \*

**Mr. Chairperson:** Good evening. Will the Standing Committee on Public Accounts please come to order.

This evening the committee will be considering the Auditor General's Report – Examination of the Crocus Investment Fund, dated May 2005. The Honourable Mr. Rondeau, Minister of Industry, Economic Development and Mines, and Mr. Hugh Eliasson, Deputy Minister of Industry, Economic Development and Mines, are in attendance this evening to respond to questions from the committee members.

The understanding is that this committee would sit no later than nine o'clock, or rise earlier at the will of the committee.

Just also as a reminder, in accordance with our rules, speaking times in standing committees for question answering or debate is 10 minutes per person or per individual.

So at this time I would ask the minister, do you have any opening comments?

**Hon. Jim Rondeau (Minister of Industry, Economic Development and Mines):** Yes, I do, Mr. Chair. I would like to introduce Hugh Eliasson, who is the Deputy Minister of Industry, Economic Development and Mines, who has joined us on this discussion of the Examination of the Crocus Investment Fund by the Auditor General.

I am pleased to give a short history, basically, of what has happened so far. There was a public inquiry, which involved the Auditor who presented a 245-page report, which has been presented to the public and to the Legislature, with more than 120 recommendations. What we have done is, in 2001, we made sure that the Auditor had the power to follow the money, which gives the authority of the Auditor to go into any organization that received tax credit, government funding or any ownership or any acquisition or any organization that has government money provided to it. What that was important to is that made sure that he had the authority to conduct an investigation.

So what happened was he conducted an inquiry. At that time, we had the Crocus management who, when the Auditor General requested he go in and find out if there were any issues, had a little bit of resistance from the Crocus Investment Fund. What happened was both the Minister of Finance (Mr. Selinger) and myself immediately gave him authorization to make sure that he had access to any and all files within the Crocus Fund or in government to make sure that he could have full access and made sure that he was able to investigate where he saw fit.

So he conducted the investigation. It did not have any political interference. In fact, both the Minister of Finance and myself assured that he did have full access. Then what happened was he presented this document which we are talking about today.

Part of his recommendations was that we would refer all outstanding issues to the appropriate authorities. So I understand that the Manitoba Securities Commission had started an independent

investigation prior to this being released, and that is ongoing.

The MSC is a quasi-judicial body that has the power of the Court of Queen's Bench and operates independent of government. It does not have any influence by government. The head of the MSC, Don Murray, was first appointed chair by the Conservative Party in December 1997, and we have retained him as chair.

They have the right and obligation to make sure that the prospectuses were filed accurately, information contained was accurate, and all of the other Manitoba Securities Commission investigations are allowed on the prospectus, on the whole idea of providing information, whether it was adequate and real information and whether it was appropriate.

The RCMP is also conducting an investigation. We referred all allegations of criminal behaviour. Any of those issues, we automatically sent to the RCMP and the Deputy Attorney General for response. I understand that there are ongoing investigations and they will be, again, in public, just as the Manitoba Securities Commission hearing will be in public. People are available to see the Manitoba Securities Commission hearing, and it is done in public and is reported quite well in the media.

Again, we also referred all income tax issues to the Canada Customs and Revenue Agency, as was requested or recommended by the Auditor. So the Canada Customs and Revenue Agency has the right and obligation to go in and investigate to see if anyone had not done what they were appropriate to do, as far as filing income taxes and taking appropriate action.

I also understand there is also a civil lawsuit that is in front of the courts which has the power to bring witnesses and bring testimony in front of it. The lawsuit is ongoing. One of the things that our government chose to do was in 2001 we brought in a special Class Proceedings Act which made it easier for people to sue in a class action. So what that means is that the people who were involved, who bought Class A shares, invested in Crocus have a tool at their disposal to not only get redress from those who behaved inappropriately, but it is also done in a public forum.

So those things have happened. We have also met for six hours in the Public Accounts meetings, and for the first time in Manitoba history, not just the

minister but also the deputy minister was responding in public to questions from not only the opposition but any of the members who wanted to ask them. I am pleased that we have been moving forward on this, and I am very pleased that we have another meeting at which we will answer questions this week and respond to any inquiries that the members opposite would make. I would also like to thank the Auditor General for conducting a very thorough investigation, giving us recommendations which we then sent to the Crocus implementation team.

I am pleased to say that because of the Auditor General's recommendations, we were able to introduce Bill 51 very quickly because it was very specific. We then set up an implementation team which was a group of experts who gave us recommendations on how to finalize all of the recommendations within the Auditor General's report and make sure that there was appropriate information provided to shareholders, that they had good governance and things were done appropriately in the future.

Thank you very much, Mr. Chair.

**Mr. Chairperson:** Thank you, Mr. Minister. I should mention that in mentioning the people in attendance to answer questions, I failed to recognize, and I apologize, Mr. Jon Singleton, the Auditor General, who is also here who can answer questions at that time.

Also, before recognizing the critic for the opposition, maybe I will ask Mr. Singleton whether he has something to add and maybe introduce his staff with him.

**Mr. Jon Singleton (Auditor General of Manitoba):** Mr. Chair, I do not have any opening remarks to make at this time, but I would like to introduce the staff that I have with me who were key components of conducting our examination of the Crocus Investment Fund. Right beside me is Bonnie Lysyk, the Deputy Auditor General and Chief Operating Officer for the office. Seated behind me are Norm Ricard, the Executive Director of Strategic Initiatives; Ron Oswald, the Audit Principal, Compliance and Forensic Services; and Maria Capozzi, Principal Governance Practice.

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

Mr. Hawranik, as critic, do you have an opening statement?

**Mr. Gerald Hawranik (Lac du Bonnet):** Yes, I have an opening statement, Mr. Chairperson, and I just want to point out that, when the minister started off in his opening statement, he mentioned that the Auditor conducted a public inquiry. That is absolutely not correct. It certainly was an audit of the Crocus Investment Fund. It was not a public inquiry by any means.

All we are asking for is a public inquiry and more than 33,000 Crocus shareholders who lost more than \$60 million are also demanding one. The excuses used by the Premier (Mr. Doer), the Minister of Finance (Mr. Selinger), the Minister of Industry (Mr. Rondeau) for not calling the public inquiry are laughable.

Firstly, the Premier says that the Manitoba Securities Commission is investigating. The Manitoba Securities Commission is investigating the board and their activities. It is not investigating the role of the Premier, the Finance Minister, the Industry Minister, anyone who has used political interference. Manitobans want to know if government is responsible, if there was political interference, if government could have done something to avoid the Crocus losses but turned a blind eye to it, whether government knew about all the red flags and why they did nothing, whether government's inaction caused Crocus losses to grow, whether government had the power to correct these problems and whether by the government's inaction it caused investors to continue to lose money by sinking money into Crocus.

\* (19:10)

These are all questions to which investors and, indeed, all Manitobans deserve answers. Some 33,000 Crocus shareholders, more than 33,000, lost more than \$60 million. Who is responsible? That is all we are asking for.

Secondly, the Premier has said that the RCMP is investigating this matter. Well, the RCMP's mandate is to determine whether there is any criminal activity. As members of the opposition, we are not suggesting that the Premier or the Minister of Finance or the Minister of Industry is responsible for or was involved in any criminal activity in Crocus. The RCMP is not investigating the government's role in the scandal. The RCMP is not investigating whether government was negligent, whether they were wilfully blind or whether the government turned a blind eye to all those red flags.

Thirdly, the Premier states that, well, there is a lawsuit going on, we do not need a public inquiry. The lawsuit will not be a vehicle to determine the government's role in the scandal. First, the government is not named as a defendant in the lawsuit. As a result, there may not be any way to examine the Premier, the Finance Minister or the Minister of Industry under oath for discovery or even a trial. There may not even be any way for the litigants or even any reason for the litigants to in fact examine them.

Second, there is talk that the government may be added as a defendant and accordingly the government may be sued. In this event, we believe that the Premier and the Finance Minister and the Industry Minister will not answer questions put to them in Question Period because of course, at that point, it would be before the courts. A public inquiry would compel them to reveal the government's role.

Lawsuits often do not go to trial. In fact, most lawsuits are settled before they go to court. The likelihood of a settlement in this type of case is very high. If you are fighting government, you are fighting the seemingly limitless resources of government: public money. They could possibly take this matter to the Supreme Court of Canada.

If there is a settlement, which is highly likely because of the unlimited resources that government has, every settlement agreement has a couple of elements to it. First of all, there is a statement that no party to the agreement admits liability for the damages, even if the party in fact is liable for those damages. Secondly, there is always, in almost every case, a nondisclosure clause in the agreement, where all parties agree that no details of the settlement are to be publicly disclosed or revealed. These two elements of that settlement will again shut down questions asked of the government in Question Period because they are not obligated by contract to discuss the settlement.

The only way to get at the truth and to hold the government accountable is by way of a public inquiry, because a court order, a subpoena, compels the Premier, the Finance Minister and the Industry Minister to testify under oath and it supersedes any settlement agreement with respect to nondisclosure.

Depending on a lawsuit to get at the truth about this government's role is really fraught with difficulties. The most important factor, I believe, to be the fact that, even though it does not go to trial, it will likely take years and years before anyone is held

to account. Our labour-sponsored venture capital funds that are still left in this province will suffer for a very long period of time.

In the years that it takes, venture capital funds will suffer due to a loss of confidence in those funds. A public inquiry can deal with the government's role in this scandal, reveal where the government has to improve in order to restore the confidence of Manitobans in the venture capital markets. A public inquiry could be held within less than a year. Answers to the government role can be obtained very quickly so confidence is restored.

The market is extremely important to our economy. It is a source of capital for entrepreneurs. With a strong venture capital market in Manitoba, our economy will prosper. As it is, we are the only province in Canada, according to Stats Canada, over the last five years, whose economy has grown below the national average. If we do not do something about the confidence in our markets, I believe that, as a province, Manitoba will be destined to grow at a rate below the national average for a very, very long time.

The Premier (Mr. Doer) uses the excuse of cost. The cost of a public inquiry will likely be a few million dollars. What is the cost compared to the losses that have been suffered by 33,000 Crocus unitholders, \$60 million? What is the untold cost of the loss of confidence in our venture capital markets? What is the cost of a slowdown in our economy due to the loss of confidence in our market?

If the Premier is worried about a few million dollars, I suggest he could have found the money a few ways. He could have redirected the \$500,000 that he wasted when he hired a New York company to rebrand Manitoba. All we have got to show for it is that the company told us that Manitoba has blue skies, wide-open spaces and cold temperatures.

Secondly, he could have, with respect to Winnipeg film and sound stage that was offered to the NDP, to this government for a dollar, the Minister of Culture, Heritage and Tourism (Mr. Robinson) turned around and made a counteroffer of \$3 million and not a penny less. He could have got the money there. He could have saved \$100 million in added floodway expenses by not unionizing workers on the floodway, forcing the unionization of workers. He could have saved money, \$2.2 million, for not paying for the high-priced defence lawyers for the Hells Angels associates. There are many more examples of where he could have saved the money

and used that money in a proper manner in terms of expenditure for a public inquiry.

Why do we need a public inquiry? Well, first, we have to have a public inquiry to determine the government's role in this scandal. Second, the Auditor General's report, in our view, created more questions than it provided answers. It did not detail who in the Premier or the minister's office was responsible for this scandal. It created more questions.

Clearly, the Public Accounts is not the forum to have questions about the government's role. First, there is no testimony under oath. Second, while questions are now being allowed to be put to the deputy minister, the kinds of questions are only to be related to the recommendations of the Auditor General of that department, the Industry Department or the Finance Department. Clearly, only the current minister and deputy are permitted to be questioned, yet much of the inaction of this government occurred under previous ministers and deputies who are not compelled to testify, people like the Premier, Eugene Kostyra, Pat Jacobsen, MaryAnn Mihychuk, Scott Smith.

In previous Public Accounts hearings, no one would answer the questions about who was the person in higher authority who overruled Industry officials and prevented them from doing their jobs. No one would answer when asked the question about what was in the e-mail and the memo that were regarded by the Auditor General as red flags, or who sent them, who received them, or whether there was a reply or a meeting or a discussion regarding them.

We need these questions answered. The only way we are going to have them answered is through a public inquiry where witnesses put their hand on the Bible and swear to tell the truth, where proper witnesses can be compelled to testify and where the government's role can be properly examined.

All the media outlets want a public inquiry. Opposition parties want a public inquiry. All Manitobans want a public inquiry. Crocus shareholders want a public inquiry. The only person who does not seem to want a public inquiry is the person who can call it, and that is the Premier. I ask certainly that members on that side of the table support our call for a public inquiry. Thank you, Mr. Chairperson.

**Hon. Jon Gerrard (River Heights):** Yes, Mr. Chair, a few comments. I think it is important to note that

the matters that we are addressing are very serious matters.

**Mr. Chairperson:** I believe this is an opening statement, Mr. Gerrard?

**Mr. Gerrard:** That is correct.

**Mr. Chairperson:** Okay. Go ahead.

**Mr. Gerrard:** We are here, in the Public Accounts Committee, to talk about the reasons for the loss of more than \$60 million by 33,000 shareholders. We are here to try and get to the bottom of the responsibility of government when there were tens of millions of dollars of tax credits which were allocated because of the purchase of Crocus shares so that this was a very significant involvement of the government in this fund.

As the Auditor General, indeed, said yesterday that there has been a rapid growth in the number of credible allegations of unethical behaviour coming from within the provincial government and the not-for-profit sector funded by the government, it is important that we start to clear the air so that Manitobans can understand what is going on and that we can put in place measures which are going to move us forward in a positive direction instead of in the direction that we seem to be going at the moment.

\* (19:20)

Now, the Crocus Investment Fund and the situation around the fund is certainly an example. There were major problems with mismanagement and monies lost. The problems that occurred with the Crocus Investment Fund are an example of problems with oversight by this government, even when there were many, many red flags flying. It is, I suggest, Mr. Chair, it is not just a matter of any venture capital fund. It is a venture capital fund where it was a very close working relationship between the government and the Crocus Investment Fund. This was there right from the start because there were very generous tax credits, there was a separate bill for this fund, separate from all venture capital funds and, of course, only in the tail end of discussions and after there were major problems did the government decide that it was really going to move toward a more uniform act for venture capital funds. But this one was set up separately. There were ministers of the Crown who provided very positive comments about Crocus. There were what were essentially co-investments between Crocus and loans for the MIOP program. There was for a number of years Crocus

information provided with payroll slips for people, including those working in the civil service in the Legislature.

Given all that was happening, this close working relationship between the government and the Crocus Fund was not only apparent, but it was very clear when the MLA for Inkster and I were at the Crocus shareholders' meeting, that this was a very commonly held concept or belief, that people saw investment in Crocus as investment in the province and supported by the government of Manitoba.

So this is something which I think is very important that we get to the bottom of and that we have an understanding of what happened so that we can move forward.

There were, of course, public servants appointed to the board of the Crocus Investment Fund, and I think it is very important that we be able to ask questions of public servants like Mr. John Clarkson, who was there from 2002 to 2004, and Mr. Ron Waugh, who was there after that, so that we can understand what was happening at the board of directors level and as public servants, exactly what their role was from them.

We have, of course, the deputy minister and we are very pleased that the deputy minister is here to answer questions, but it is also important that we have former ministers, former Minister Mihychuk and former Minister of Industry Scott Smith, here to answer questions because a lot of the critical things occurred on their watch and that information would not be available. What they saw on their watch or did not see was not available to the current minister.

It is very important that we have Eugene Kostyra to ask questions of. Clearly, he played a very central role in co-ordinating activities, and it was a letter from Pat Jacobsen, who pointed out that there was a working together, a networking that was creating a lot of concerns in the way that things were being handled at the Workers Compensation Board. If we are going to get to the bottom of understanding what went wrong with Crocus, we need to know what the connections were, what these links were and why some of these critical decisions were made that results in the situation that we are in so far.

We have had so far whether it is in the Legislature or in the Public Accounts Committee a government which has largely stonewalled on finding out many of the critical facts. We have asked

questions and to most of the questions we have not been given answers, let alone satisfactory answers. So I am of the opinion, and we have been calling for a public inquiry. We are here tonight to work with the Public Accounts Committee to see if we can get some more information, because clearly we need a lot more information. Thank you.

**Mr. Chairperson:** I thank you, Mr. Gerrard.

Before we proceed with questioning, I was sent a letter by one of the committee members here, and I have been asked to read it into the record if I might and ask for some direction from the committee. It is addressed to me as the Chairperson of the Public Accounts Committee.

"Dear Jack: We request the following individuals be asked to appear before the Public Accounts Committee on Wednesday, March 15, 2006. The individuals are: Premier Gary Doer; Scott Smith, Minister of Intergovernmental Affairs and Trade; Jim Rondeau, Minister of Industry, Economic Development and Mines; Hugh Eliasson, Deputy Minister of Industry, Economic Development and Mines; MaryAnn Mihychuk, former Minister of Industry, Economic Development and Mines; John Clarkson, board appointee 2002-2004; Ron Waugh, board appointee 2004-2005; Eugene Kostyra, former Cabinet minister and head of the Community and Economic Development Committee of Cabinet."

I seek some direction from the board. It is signed by, I am sorry, Dr. Jon Gerrard and Mr. Stuart Murray, Mr. Gerrard being the member for the committee. I seek some advice from the committee.

**Mr. Rondeau:** Mr. Chair, I find that I am ready and able and wanting to answer questions. My deputy is here and able to answer questions. We are two names there. Rather than have the opposition stonewall, ask the questions. We want to be here to provide answers. I know we have been providing answers. I would, please, ask the questions and we would be very happy to provide the answers. Just ask the questions and we would be happy to do that.

If you want, Mr. Gerrard, I have responses for three of the things that we have explained in the House and have gone over and given you answers to, and I would be happy to do that again. The Member for Lac du Bonnet (Mr. Hawranik), as to your comments, I have nine points that I would be pleased to respond to if you ask the questions.

So please start asking the questions. Our names are there. We are here. Let us get going.

**Mr. Glen Cummings (Ste. Rose):** Mr. Chairman, it seems to me that you have a legitimate letter that raises some appropriate concerns.

I would move, seconded by the Member for Lac du Bonnet, that the committee accept the request that you have received in that letter because much as the minister protests that he will answer questions, he was here to answer questions at the last session and most of the answers were not answers. Then he chose as well to, and this is my term, lean on Deputy Minister Eliasson, and was virtually screening questions to him, so there was no way that this committee could clearly get answers and information provided. So I—

**Mr. Chairperson:** I should point out that if it is a motion, it does have to be a written motion that has to come forward.

**Mr. Cummings:** Well, we can fix that pretty quick.

**Mr. Chairperson:** Okay.

**Mr. Jim Maloway (Elmwood):** Mr. Chairman, I would suggest that the motion is out of order, and, actually, this whole issue should be referred to the House leaders and to the Rules Committee.

**Mr. Kevin Lamoureux (Inkster):** My understanding is that the motion is in fact being drafted, so it is not quite on the floor as of yet. But from what I could hear of the motion itself, Mr. Chairperson, I would argue that it is perfectly in order. There is nothing that prevents a member of this committee from moving forward a motion, and I think that, in principle, members should support it.

\* (19:30)

You know, it seems to me that there are two different agendas here. We have a government content to prevent people from coming before committee, whether it is committee or public inquiry, to hear what actually had taken place, and you have both opposition parties trying to get clarification. They have provided a list of individuals that would go a long way if, in fact, they were forthright with answers. Maybe we should even possibly entertain bringing a Bible to the committee room here, Mr. Chairperson, in order to get some of them swearing on the Bible.

I understand that the Member for Ste. Rose (Mr. Cummings) is ready to move the motion, so I will give the floor to the Member for Ste. Rose.



### Point of Order

**Mr. Andrew Swan (Minto):** On a point of order, Mr. Chair, the motion which I believe is going to be handed to you is out of order because it does not comply with Rule 118.1 of the rules of the House which, I should mention, have been agreed upon by both parties in the Legislature as well as a representative of the independent members.

That rule clearly states who may be called to appear before the Public Accounts Committee. The individuals who are here, the minister and his deputy minister are both here, and, as you know, they are prepared to answer questions, as they have for six hours so far in the Public Accounts Committee. They are both here and ready to go, so I would suggest that this motion is out of order and should not continue, and we should get on with the hearing. We have the members ready to go.

**Mr. Hawranik:** Yes, if I might speak to this motion, Mr. Chairperson, clearly—

**Some Honourable Members:** Oh, oh.

**Mr. Chairperson:** The motion is not on the floor at the moment yet. Then it will be open for debate.

Maybe as a point of clarification, the committee naturally has to operate under some rules. The rules that the committee operates under are adapted in the House. Any change to the rules has to come through the House for the committee to operate under. My understanding is that the committee does not have the power to make these changes to the rules. There is the ability, I believe, for the committee to discuss recommendations, but to change the rule would have to come from the House. So the motion that is before the committee right now is a recommendation, and the recommendation can be adopted or rejected.

The motion was moved by the Member for Ste. Rose (Mr. Cummings):

I move

THAT the list of this March 15, 2006, letter be accepted as a recommendation for those names that appear on the letter to also appear at this committee.

So my understanding is that it is a recommendation, but to change the rules has to come from the House. So I will open it up for debate and then it can be accepted or rejected.

I will seek some more advice from the floor. I believe the minister is wanting to comment first.

Since it is a recommendation, and I am repeating myself, since it is a recommendation, and I am also pointing out the fact that the changing of the rules that we operate cannot be done in committee but has to come from the House. This is a recommendation, I will say that the recommendation is in order. But it can be debated, and then there can be either an acceptance or rejection of this suggestion.

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**Mr. Chairperson:** So at this time I will ask the minister.

**Mr. Rondeau:** Mr. Chairperson, there are two things. One, when we began this process, you see myself and the deputy minister here to answer questions from the members opposite. As you know, in the House, we do respond honestly and openly and to all questions. What we have done is done that on a regular basis.

Now, the member opposite might sit there and say they do not believe the Auditor General's report. They may say that they do not believe it when we have an implementation team of experts who have gone through, point by point, the Crocus issues and have recommended changes. You might not believe it when you see Bill 51 that responds specifically to issues raised by the Auditor General and reacts to bring confidence. That is better governance, better shareholder representation, better disclosure; those are things.

Mr. Gerrard, you may disagree with Bernard Wilson, who is an expert in the chair of corporate governance, where he said that there was a fiduciary responsibility to the fund because they are appointed by the public good. You may not believe it when the Auditor General said that they had a one-day session with Crocus to tell them their fiduciary responsibilities, to make sure that they were aware of who they had to report to. You may not believe the deputy minister when they say that they believed and lived up to those obligations. You may not believe that the civil service does a professional job. But in here we actually have 245 pages. We have 120 recommendations and we have acted upon them.

You may not believe Bernard Wilson, you may not believe the civil service, but they acted professionally. They acted within their fiduciary responsibilities. The former government may have made a mistake in 1992 when they established it where there were government representatives, but we do not have government representatives there.

The other thing is that we agreed to rules where we would have the minister responsible for The Crocus Investment Fund Act and The Labour-Sponsored Venture Capital Corporations Act and the deputy minister respond openly and honestly to this. Now, you may want to do political games. What I want to do is have the responses in open. You have me available to respond to questions, and I am here to respond to questions. I have my deputy here to respond to questions. Rather than play the game, give me some questions.

Mr. Gerrard, you asked about political interference. I think it was very clearly specified by the Auditor General and at the last two meetings that there was not. I trust that you understand that, but it was in plain English. When they were asked whether there were red flags brought to the minister's attention, I responded no; the deputy minister responded no. So no matter how much you may spin it, the deputy responded no, and I responded no.

When you said, was there criminal activity? We referred that to the RCMP. They have the ability to go in and investigate. We did not put limits. We did not put limits on the Auditor General because that would have been inappropriate. In fact, the Auditor General had resistance from Crocus, and we responded in very quick order to give him total access to Crocus files as an official person under The Labour-Sponsored Venture Capital Corporations Act and The Crocus Investment Fund Act. Not only that, the Finance Minister made him an authorized person. We did it so that he would have full access, not only to our departments but to Crocus.

As far as red flags, I think the Auditor General and our department went through that multiple times. It was not; it was an e-mail from one official to another official.

\* (19:40)

Those went over. When you are looking at playing the political games of the committee, what we have is we agreed to rules and we agreed to have myself and the deputy minister here to respond to your questions. I would appreciate you to ask us questions, and we will respond to those questions, openly without fear or favour.

**Mr. Singleton:** I just wanted to clarify a comment of the minister that may have inadvertently overstated the comments that I made earlier in the previous meeting.

Can you hear me all right?

**Mr. Chairperson:** Yes.

**Mr. Singleton:** At that meeting, I indicated that the e-mails in question were between government officials and were not copied to government ministers, but I did not make any assertions one way or the other about whether or not there was political interference.

**Some Honourable Members:** Oh, oh.

**Mr. Singleton:** By that I do not mean to say that there was or that there was not. I just want to clarify exactly what I said last time, which was that the e-mails in question did not go to ministers of the Crown.

**An Honourable Member:** That is why we need an inquiry.

**Mr. Hawranik:** Yes, I would like to add a few comments as well. I know that the minister talks about the civil service and so on. Contrary to what he said, we believe the civil service did, in fact, do their job. What we believe is that the minister did not do his job, and that is the difference.

He points to himself and the deputy minister as answering questions in this committee, but the deputy minister, as he well knows, is under certain restrictions in terms of the kinds of questions that he can answer. His responses are limited to the recommendations of the report only.

The minister says, bring it on, ask me the questions. He has only been the minister since October 12, 2004. All these red flags occurred in 2001 and 2002. How could he possibly know what was in the mind of MaryAnn Mihychuk, who was there in 2001 and 2002? You cannot possibly give us the answers, and you will not let us call witnesses, such as Eugene Kostyra. What was his role in this mess? MaryAnn Mihychuk, we are asking for her to come to the committee and give us testimony. He is refusing because he knows that MaryAnn Mihychuk knows what happened. He does not know himself; it is not in his personal knowledge. To ask this minister those questions is a waste of time.

**Hon. Greg Selinger (Minister of Finance):** I see a recommendation, as you called it, Mr. Chairperson, in front of us with respect to changing the rules. As I understood it, the rules are agreed to by the House leaders, not by this committee.

It seems to me that that recommendation should be referred to the House leaders for their

deliberations and considerations and negotiations and we should get on with the purpose of this committee, because I see that we have the Auditor General's office here, and several people here who have done work on this matter. We have an extensive report in front of us with 120 recommendations. We have an implementation report that followed up on the Auditor General's report with how to rectify any of the issues that had been raised within the Auditor General's report, and I thought that was the purpose of Public Accounts, was to deal with the Auditor General's reports on specific matters. I think that is why we all came tonight.

The question of whether or not the rules should be modified because of a letter is to be addressed by the House leaders. Therefore, I would suggest that it would be a better use of our time to get on with the substance of what the Public Accounts Committee is for and that the House leaders take the referral of this letter and the motion that followed up on the letter and decide how they want to handle it, rather than us spending all our time debating the motion.

The motion can be automatically referred. If you are comfortable, I would do that. I would automatically refer it to the House leaders for their consideration, and they come back with their recommendations, and then we can make productive use of the time of all the people here to deal with the substance of the report, the recommendations and the implementation committee's report on how they would follow up with that, and see how we can move forward to ensure that these kinds of difficulties do not arise in the future.

**Mr. Chairperson:** I thank the member for that information.

**Mr. Gerrard:** I am pleased to see that the MLA for St. Boniface, the Minister of Finance (Mr. Selinger), supports sending these recommendations to the House leaders. I think that what is clearly needed is we need a chance to ask questions of these individuals, and the sooner that we get these individuals before this committee the better. Clearly, we have already had an opportunity to ask the minister and the deputy minister on previous occasions. We have many more questions. I am ready to get on with asking questions. Let us refer this, but let us refer it with a very positive intent that this is essential if we are going to get to the bottom of this business here.

**Mr. Cummings:** Well, Mr. Chairman, the Minister of Finance came up to the water trough, but he did

not drink, because he said he wanted to send this to a committee of the House leaders. He did not say that he wanted it sent with a recommendation from this committee. I want a recommendation from this committee to the House leaders that they consider complying with the request in the letter.

**Mr. Leonard Derkach (Russell):** Well, Mr. Chair, I would like to point out to the committee that the rules that were agreed to between House leaders and, actually, the committee on rules for Public Accounts are general in nature, because we cannot restrict a committee's powers. If you were to examine Citation 852 in *Beauchesne*, which we do follow as a legislature, 852, which is a section on witnesses for Public Accounts and standing committees, says: "Only the committee can make a decision as to which witnesses should be called."

Mr. Chair, that is outside of the rules that were agreed to which, in general terms, say that deputy ministers and ministers should appear before committees. However, committees do have the power to call other witnesses. Committees also have the power to summon the Legislature to issue warrants for members to appear before the committee as well.

So this is not out of order, Mr. Chair. What is happening here is that a request has been made of the committee to call these witnesses as special witnesses before a committee because there is nobody here from the government who could answer questions that go back beyond these ministers' mandates. If the public of Manitoba are ever going to get to the bottom of what really took place, the only way to do it is for government to open itself up and to allow for people who had something to do, who had decision-making powers during those times, to come forward and witness to what they had to do.

Mr. Chair, I go on to say that witnesses summoned to attend before the House or committee have no more freedom from arrest or molestation than does any member of the House. Their attendance to this committee should be heard, and they have the same obligation as those of us who are around the table to answer questions before a committee.

These are rules that have been set out, have been practised. This is not the first time that a public accounts committee has been requested, or, in fact, if you look at the history of public accounts committees across the country, witnesses are called for. I go back to a precedent that has been set, as a

matter of fact, by this Legislature in a previous Public Accounts meeting where a former minister of the Crown, who is not a part of the government, was called as a witness before this committee.

So this is not a precedent, Mr. Chair. This is simply accountability. According to our rules in this Legislature, this committee does have the power not only to summon but request the Legislature as well to issue warrants for calling those members forward to witness before this committee and before the citizens of this province.

\* (19:50)

**Mr. Chairperson:** In my interpretation, there have been two recommendations brought forth: the one that was read into the record by the Member for Ste. Rose (Mr. Cummings); and then I believe that Mr. Selinger, the Minister of Finance, was making a recommendation that it go to the Rules Committee. I am sitting here with two recommendations. I am saying that somehow we have got to come to some sort of understanding. But my understanding is that we are dealing with the one that is before me, the motion from the Member for Ste. Rose. The Member for St. Boniface (Mr. Selinger), it was a verbal reply to the debate that was going on.

Right now we are looking at the motion from the Member for Ste. Rose that the letter be accepted as a recommendation and that the list of the March 15 letter be accepted as a recommendation for those whose names appear on the letter and also appear at the committee.

I asked for direction as to whether this is acceptable or not—*[interjection]*

#### **Point of Order**

**Mr. Chairperson:** Mr. Derkach, on a point of order.

**Mr. Derkach:** On a point of order, Mr. Chair, as I just cited in *Beauchesne*, this committee has the power, but the recommendation has been brought to your attention by letter from the Leader of the Opposition and the Leader of the Liberal Party that witnesses be called.

I think it is incumbent upon this committee to make a decision by a vote to indicate whether or not these witnesses should be called. That is a very simple and straightforward approach. If the government chooses to vote against witnesses coming before this committee and to hide from the truth, that is up to the members of the government. But that is a legitimate request that has been put

before this committee. The committee does have the power to call witnesses, and it is simply a request to have a vote on that matter by members of this committee.

**Mr. Chairperson:** Because it was mentioned as a point of order, I rule that the point of order is out of order.

\* \* \*

**Mr. Swan:** With all due respect to the Member for Russell, (Mr. Derkach), we do have rules which did not just fall out of the air; these were agreed upon by both official parties and the independent members. In fact, these changes to the rules did not occur years ago. They occurred just a few months ago by negotiations of all parties represented in this Legislature.

These rules specifically deal with who may appear before the Public Accounts Committee. Quite clearly, the minister responsible, both ministers responsible are here and they are ready to go. Certainly the Minister of Industry (Mr. Rondeau) is prepared for questions. As well, the deputy minister from the Department of Industry, Economic Development and Mines is also here and ready to be asked questions.

So all of the individuals which are set out by these consent rules are ready to go, and it is disappointing that the opposition members in this House, instead of getting down to work and proceeding with the Public Accounts Committee are instead choosing to tie us up and frankly wasting the time of the Auditor General and his staff who are here ready to ask questions about their lengthy report, about the implementation of that report and the steps that have been taken.

So we are certainly, on this side of the House, ready to go. We have a very robust Public Accounts Committee, which is meeting far more times than ever met in the history of this province. The rules have been widened to allow extensive questioning. We have already had six hours of questioning. I believe the minister is quite ready to continue with more questioning tonight.

So certainly we would like to get this going. The Member for Russell does not have a point of order because he is trying to suggest something which is entirely outside of the rules which have been agreed upon by all of the parties represented in our Legislature, Mr. Chair.

**Mr. Chairperson:** I thank the member for his input. I believe we are waiting for the motion, but in the meantime I will entertain Mr. Lamoureux.

**Mr. Lamoureux:** For the government, the government cannot have it both ways. When it was accommodating for the government, the government chose to have past ministers come before this committee. Now it is not convenient for the government to have past ministers come before this committee, so they have changed their minds and their approach in dealing with it.

I believe that the request put in writing by the Leader of the Liberal Party and the Leader of the Conservative Party should be respected. The motion that is before this committee right now is a strong recommendation that this committee should be endorsing. What we are doing is asking the government to be consistent, to recognize the value that at one time was recognized by having former ministers and allow some teeth to this committee, allow this committee to have some actual authority.

I would suggest, Mr. Chairperson, that if there are no other comments we just go ahead and vote and get on the record on this issue.

**Mr. Rondeau:** What I was going to say, Mr. Chair, if you look at the purpose of the Public Accounts Committee, what it is supposed to do is look at reports from the Auditor General, look at the recommendations and see where we are going in the future.

What we are trying to do is make sure that errors that were made in the past have been corrected. The idea of the Public Accounts Committee, if you look at page 182, there are recommendations to the government. Those are recommendations about what has happened and where we are making the system improve in the future. So, if you look at page 182, there are recommendations on governance. There are recommendations on how information is provided to shareholders.

There are recommendations, from what I understand, on all—and I will go through them on page 182. They are very specific. There is pacing and maintenance, where they wanted to be specific on it. There are the definitions of investment assets, the 10 percent rule. All these different things that were recommended we have acted upon, and what we are trying to do in Public Accounts is to ensure that reports from the Auditor General are responded to,

that they are responded to seriously and taken very seriously and that things are moved forward.

If you look at page 182, there are a number of recommendations. We, as a Public Accounts, should be responding to what recommendations the Auditor General has made and show where we are going in the future. We can show you Bill 51 which we passed in this House which shows a lot on governance, a lot as far as there would not be any conflicting roles on the board, et cetera.

We also have taken action within government where the responsibilities are not within one department. So what we have talked about and what was recommended was that we would not have all one department doing the monitoring role, the promotion role, and so what we have done is we have split up the role between the Finance Department and the Industry Department. Those are things we have done. We would be happy to discuss it. We would be happy to discuss the actions we have taken on the Auditor General's report and his recommendations, and we would like to see how we can make sure, as the critic has mentioned, that we make people feel confident in the venture capital regime we have. We need to make sure of that by having Class A shareholders. In the nineties, under the former Conservative government, there was not majority shareholders; Class A shareholders did not have the majority on the committee. We think that was important and we took that action and we changed it with Bill 51.

When we are talking about the information returns, that we have worked on. We looked at making sure that there was not a duplication of roles—[interjection]

#### Point of Order

**Mr. Chairperson:** Mr. Gerrard, on a point of order.

**Mr. Gerrard:** The minister is not speaking to the motion which is before the committee at the moment. The motion is the motion from the Member for Ste. Rose (Mr. Cummings). The Minister of Finance (Mr. Selinger) spoke to the motion and supported the fact that we need to move this forward. So we should have a vote on this motion instead of having this tirade by the minister.

**An Honourable Member:** Tirade?

**Mr. Gerrard:** Absolutely. I mean, this is a filibuster by the minister, rather than get on with the vote and let us get this recommendation moving, please.

**Mr. Chairperson:** Just as a point of order, we are debating. If we are going to entertain points of order, they should be short and to the point.

\* \* \*

\* (20:00)

**Mr. Chairperson:** I believe I was going to recognize Mr. Selinger next.

**Mr. Selinger:** Mr. Chairperson, I understood that the purpose of the meeting tonight was to discuss the Auditor General's report and anything that flowed out of that, including the implementation committee's report. The Auditor General's report is about Crocus, which is why we are here. The motion that was put on the floor, the recommendation that was put on the floor, was to rewrite the rules and to make a recommendation around that, and that is dealt with by the House Rules Committee. So I would like to amend the motion to deal with it in a proper fashion as we have always dealt with it.

We have just brought in new rules. Those new rules were supposed to be reviewed by March 31 by understanding of both the opposition and the House, so, as part of that review process, I would like to propose

THAT the motion be amended by adding the following after the word "committee":

That the Public Accounts Committee recommend referral of this recommendation as proposed by the member opposite, re: witnesses be referred to the House Rules Committee.

So that would allow it to be reviewed as part of that process of the new rules.

Now, if I could speak to that, Mr. Chairperson—

**Mr. Chairperson:** I just have to read it back into the record so that then it can be spoken on.

It has been moved by Mr. Selinger

THAT the motion be amended by adding the following after the word "committee":

That the Public Accounts Committee recommend referral of this recommendation, re: the witness be referred to the House Rules Committee.

The amendment is in order; it is debatable.

**Mr. Selinger:** The members seem to have a taste for some new rules re: witnesses, just after they agreed to a set of rules that allowed the deputy minister to appear in front of the committee. When they agreed

to that set of rules, we were supposed to try to follow them and make this committee work to do the job it was intended to do, which is to review reports of the Auditor General's office and, in this case, the report specific to the Crocus Fund. So what I am suggesting is that the recommendation, re: additional witnesses over and above the rules that we have just agreed to, be essentially referred to the House Rules Committee, which is the group that sets the rules for this committee.

So I think the amendment is entirely in the spirit of the original motion but gets it to the right place and clears the agenda of this meeting to debate the Auditor General's report and discuss it and ask questions about it, which I think was why we all came here tonight. At least, this side of the House came here tonight to do that.

**Mr. Cummings:** Mr. Chairman, the Minister of Finance has completely neutered the intent. He full well knows what the intent is, to bring additional witnesses to this committee. Now, if the government wants to stonewall, the government wants to hide behind referring it to yet another committee without making a statement in this committee that you need to move forward to bring the information out to the public, then you are just creating the aura of continuing stonewalling. If that term is objectionable to the Minister of Finance, then let us get those people to this table. The precedent was set when we brought people here not only in this most recent session, but prior when there were inquiries that were needed and required to get to the bottom of scandals that were going on in the previous NDP government. The same thing is happening here. If we cannot have an inquiry, we need to get the people to this table, or let us call an inquiry.

**Mr. Selinger:** If the member is so keen to change the rules so that he can have additional witnesses, he has to do it through the House Rules Committee. That is the procedure of the House. My amendment gets it there. If you really want to do what you say you want to do—*[interjection]*—I listened to you when you spoke; I just ask the same courtesy, Glen—make sure that the recommendation was properly amended.

Now, if the member is serious about having an additional change to the rules, it has to be done by the House Rules Committee. All my amendment does is get it to the House Rules Committee where those decisions are made. They are not made here. The member knows that. The member has put his recommendation on the floor to get more movement

behind a further change in the rules. If the House Rules Committee wants to change the rules, they will bring back a recommendation and the Legislature will support that or not.

**Mr. Derkach:** Mr. Chair, perhaps the Minister of Finance should speak to Finance. He does a better job there, I think, than he does in rules. *[interjection]* Put that on the record.

Mr. Chair, I simply refer to the provision within the rules of this Legislature that we are governed by. We govern ourselves by *Beauchesne's Parliamentary Rules & Forms*, 6th Edition. That is an accepted practice by the Speaker of our House and indeed by the House itself. Within the context of any committee, although we are governed by general rules, no committee can be precluded from calling a witness or witnesses before the committee. That is why the provision within *Beauchesne*, in terms of attendance of witnesses, gives powers to any standing committee of the Legislature to call witnesses before it.

So although the rules have been changed to allow for the deputy minister to answer questions uninterrupted by the minister, by the way, Mr. Chair, which has not been the case with this government, we also have, as a committee, the right and the powers to call witnesses. You cannot take that away.

So all the motion is doing here, without being gerrymandered by the government side, is to ask this committee to consider the calling of witnesses who had power to make decisions about Crocus in the past. That is not a rule that you can take away. That is not a rule that you can give to the House leaders to gerrymander with. That is a rule under *Beauchesne* that we are governed by. You cannot change that.

So, Mr. Chair, I simply say that, although we have general rules and practices that we agree on, we cannot take away the power of a committee to call witnesses. This motion that is before you, Sir, is simply to call witnesses before the committee. I say to you that we move ahead. Now, there are procedures and practices under our Manitoba rules, but those are practices of a general nature. If you want to get to specifics where witnesses are called, you certainly have to rely on *Beauchesne* rules that we are governed by in this Legislature.

So it is under that provision that the request has been made. There is nothing untoward here. But, if the committee decides that they do not want to hear witnesses, all they have to do is vote against the

recommendation that has been brought forward. It is as simple as that, Mr. Chair. But the government does not want to put itself on the record voting against witnesses coming here.

That is why they are playing games by providing amendments to this. The amendment is out of order. It changes the scope of the motion. I do not even see how this amendment can be accepted because it simply changes the intent. The intent here is to call witnesses forward, end of story.

**Mr. Swan:** The Member for Russell indicated in the House today he was confused, and apparently that has not changed here this evening. The House Leader was one of the members of this House who sat down and, very recently, amended the provisions of Rule 118.1 to again move this province along, Public Accounts Committee, in a place that it has never gone before and certainly had never gone in the 11 years that the previous government was in power.

We have been moving this along. We have expanded, by consent, this rule to allow the calling of additional witnesses. Again, those witnesses are here tonight and prepared to proceed with questioning. What the Minister of Finance (Mr. Selinger) has proposed is that we do the appropriate thing: take the suggestion that the Member for River Heights (Mr. Gerrard) has made, refer it to the appropriate body to determine whether a further change to the rules is in order, and discuss it there.

\* (20:10)

We would like to get on with the questions. It is unfortunate that the opposition members now, for an hour and 10 minutes, have done nothing but tried to obstruct and prevent the Public Accounts Committee from doing the very thing that it was set up to do, which is to allow questions of the minister, the deputy minister, and, for that matter, to ask questions of the Auditor General and his staff, who have now been sitting here for 70 minutes listening to a procedural battle that we are quite prepared to refer to the Rules Committee and have dealt with in that way. But to sit here and obstruct this committee from doing its work is certainly not what anybody had intended when we set the meeting for tonight.

**An Honourable Member:** Question.

**Mr. Chairperson:** Question has been called.

Further to the debate, Mr. Cummings.

**Mr. Cummings:** As the mover of the original amendment, the original motion, I would like to give

two comments to this amendment. It unfortunately changes the intent of the motion. If the government side truly wants to proceed so that we may bring forward the people on the list as indicated there, it should be a strong recommendation from this committee, and the motion does not currently say that.

I am almost impressed by the Minister of Finance (Mr. Selinger) bringing forward this motion, but then with his House Leader hanging over his shoulder I suppose that, between the two of them, they have concocted an amendment that neuters the intent of the motion.

**Mr. Chairperson:** On clarification, Mr. Lamoureux.

**Mr. Lamoureux:** Just to clarify it, Mr. Chair, could you indicate whether or not—we did at one time have a former minister who came and answered questions. As the Chair, can you indicate whether or not there is any change of rules that allowed that former minister to speak?

**Mr. Chairperson:** We are operating now under rules that came in under December of '05. The calling of the former minister was by mutual consent by a motion. It was agreed upon, but it was not part of the rules. The rules were changed in December.

Now, to proceed. There was consent—Mr. Derkach.

**Mr. Derkach:** Mr. Chair, I think you just made the point.

**Mr. Chairperson:** No, the ministers that were called before were—

**Mr. Derkach:** No, no, no, no. Just a minute. Let me—allow me the floor, Mr. Chair.

**Mr. Chairperson:** The question was asked. Mr. Lamoureux asked me the question of how the former ministers were called. They were called by consent between the House leaders, I believe.

**Mr. Derkach:** No.

**Mr. Chairperson:** How did they get here?

**Mr. Derkach:** Mr. Chair, it was the committee that made a decision and recommended that former ministers appear before the committee. Mrs. Mitchelson, former minister, appeared before this committee, requested by committee. *[interjection]* There was not a rules committee that decided that Mrs. Mitchelson should come before the committee.

So, Mr. Chair, in the same way, and *Beauchesne* is very clear here, you can, you have the power to call witnesses, and, as the only committee that can make that decision, through a motion. You have a motion before you that asks for those to come.

You were also asked, Mr. Chair, and I think I heard it quite clearly, before the amendment was made, for the question to vote on the motion, which was ignored.

**Mr. Chairperson:** Yes, I did ask the question, but then I recognized you because you wanted to be heard. I asked the question, and then you got up and asked on a point of order. That is right. So now you have interrupted the question. The question was asked, and I will ask the question now, on the main motion. It will be read into the record.

**An Honourable Member:** Amendment. On the amendment.

**Mr. Chairperson:** The amendment was brought forth by the Member for Ste. Rose (Mr. Cummings). The main motion was brought forth by the Member for Ste. Rose. It has been amended by the Minister of Finance (Mr. Selinger).

#### Point of Order

**An Honourable Member:** On a point of order, Mr. Chair.

**Mr. Chairperson:** For clarification, Mr. Derkach?

**An Honourable Member:** On a point of order.

**Mr. Chairperson:** On a point of order.

**Mr. Derkach:** Mr. Chair, after there was some debate in the committee, prior to the amendment coming forward, there was a request that the question be put on the main motion. I was sitting in the back row. I was not part of the discussion at that point, but there was a request that the question be put.

That question was not put. That is an outstanding question in this committee. Now, people can say no, but if we are going to follow any kind of order and rules, then we had better follow them appropriately because when a question is asked, then the question is asked for the vote.

Now, I do not know, you as Chair have to make that decision. You chose not to call the question, but,



indeed, it should be put on the record that the question was called.

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

\* \* \*

**Mr. Chairperson:** I have been informed that the asking of the question is not allowed in committee. In the House it is asked; the question is asked. A lot of times it is asked, but in committee it is not asked.

One of the things that happens with this Public Accounts Committee is that it gets so muddled up with rules and procedures that we cannot establish what we are here for, and as Chairperson it is very difficult from both sides of the House to try to understand this because we get into legal wrangles about the minutiae of what we are here for and it is one time after another. As Chairperson, it is getting very tough to control this crowd.

Now, you bring amendments and then subamendments and then points of order. It is very hard to follow all this stuff and the rules are not clear. They are not only in *Beauchesne* not clear, they are not clear in the House of Commons; they are not clear for the PAC meeting; they are not clear for the House rules that we keep saying go back and get it cleaned up. This PAC committee cannot operate under these types of rules. We have said that 10 times. The Vice-Chair and I are in total agreement on this. So I am thinking that somewhere along the line and before the end of March this has to be cleared up, or we are not going to have any more PAC meetings.

Now, we are going to try to deal with these motions.

**An Honourable Member:** I have a point of order.

**Mr. Chairperson:** No, you do not have a point of order.

The amendment is what we are going to be dealing with. The question before the committee is the amendment to the main motion, moved by Mr. Selinger

THAT the motion be amended by adding the following after the word "committee":

That the Public Accounts Committee recommend this referral of the recommendation regarding witnesses be referred to the House Rules Committee.

The question is now put.

### Voice Vote

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

**Some Honourable Members:** Yea.

**Mr. Chairperson:** All opposed, say nay.

**Some Honourable Members:** Nay.

**Mr. Chairperson:** The Yeas have it. The amendment is accordingly passed.

\* \* \*

\* (20:20)

**Mr. Cummings:** You have the parliamentary advice at your shoulder, but for the record I have to ask, when the intent of the motion is changed by the amendment, does that not make the amendment out of order? I would ask for parliamentary advice on that.

**An Honourable Member:** Excuse me, Mr. Chair, on a point of order.

**Mr. Chairperson:** Just on the point of order brought forth by Mr. Cummings, it always has been the understanding that when motions are brought before the House or committees they always are open for amendment. So, I mean, there is nothing unusual about bringing amendments to motions that are brought before the House. Now, it has been ruled in order. It has been ruled in order, the amendment that was brought forth by Mr. Selinger.

### Point of Order

**Mr. Chairperson:** Mr. Derkach, on a further point of order.

**Mr. Derkach:** On a point of order, Mr. Chair, I had raised a point of order about Mr. Cummings bringing forward a request for a question on the motion, on the main motion. You did not rule on that point of order. You simply stated something about the rules not allowing for a question to be called. Yet, when the government called for a question on the amendment, you asked if the question had been called. Now, Mr. Chair, I suggest that you go back and do some procedural investigations so that we can run a committee here in accordance with the rules.

**Mr. Chairperson:** I was corrected.

**Mr. Derkach:** To that extent, I think this committee should rise, Mr. Chair.

**Mr. Chairperson:** Well, I was corrected by the Clerk, saying that was out of order, that it was wrong for me to look for the question.

\* \* \*

**Mr. Hawranik:** Yes, Mr. Chairperson, I do not think there is any point to Public Accounts. They are hiding witnesses through the process. They are obstructing the process. The questions will not be answered by the right person. There is no point asking a minister who just became the Minister of Industry in 2004, when we are asking him personal questions as to what happened in 2001 and 2002. The very people who should be answering questions here at this committee hearing are not here, and they do not want them to be here. They are afraid of the answers. They do not want the Premier (Mr. Doer) to appear at this committee. They do not want to hear what MaryAnn Mihychuk has got to say. They do not want to hear what the Member for Brandon West (Mr. Smith) has to say, Pat Jacobsen. Nobody is under oath. No one is compelled to tell the truth, and I move that the committee rise.

**Mr. Chairperson:** I have to put the question.

It has been moved by Mr. Hawranik that this committee do now adjourn. This is not a debatable motion. The question must now be put. Therefore, the question before the committee is that the committee do now adjourn.

Is it at the pleasure of the committee to adopt the motion?

**Some Honourable Members:** No.

**Some Honourable Members:** Yes.

**Voice Vote**

**Mr. Chairperson:** All in favour, say yea.

**An Honourable Member:** Yea.

**Mr. Chairperson:** I will ask the question again. Is it the will of the committee to rise at this time? All in favour of rising at this time, say yea.

**Some Honourable Members:** Yea.

**Mr. Chairperson:** All opposed, say nay.

**Some Honourable Members:** Nay.

**Mr. Chairperson:** I believe the Yeas have it.

\* \* \*

**Some Honourable Members:** No, they do not. The Nays have it.

**An Honourable Member:** We will ask the question.

**Mr. Chairperson:** But there is nobody here to ask questions.

**An Honourable Member:** We have to deal with the motion. We have the motion on the floor. Let us refer the—

**Mr. Chairperson:** The committee will continue.

**Mr. Doug Martindale (Burrows):** Well, if I could just speak briefly to the main motion, the problem with it is that this committee can only operate under the existing rules of this committee, and I realize that there is a desire, on the part of some people, to change that. But, under Rule 118.1(2), "if an Auditor General's report makes a recommendation relating to a government department, the PAC may call as an additional witness the current deputy minister for that department, to appear with the minister. The deputy minister may be questioned on matters related to the Auditor General's report recommendations and related matters of administration within the department. Questions or policy must be directed to the minister."

And it is disappointing that the members opposite, who are no longer in the room, do not want to avail themselves of the opportunity to ask questions of our minister and his deputy minister and the Minister of Finance (Mr. Selinger), who are here tonight, and the Auditor, who is present.

They had an opportunity. We have been here since seven o'clock. It is now about 8:25 and they have not asked one question of any of the people who are here and are available. It has all been grandstanding. There have been no questions on the substance of the Auditor's report, on any of the Auditor's recommendations. There is no desire to find out if the Auditor's recommendations have been implemented, in spite of the fact that the minister has indicated in his opening statement that there is an implementation team.

We believe that, as a government, we have implemented many, if not most, of the recommendations of the Auditor. We have amended legislation at the recommendation of the Auditor. We as a government want to comply as much as possible, and we are looking forward to hearing the results of other investigations that are ongoing. We are available, but we did not get any questions from the opposition who walked out, basically on procedural matters, which this committee cannot decide.

In response to Mr. Derkach quoting from *Beauchesne*, the House of Commons committees are very different than committees in the Manitoba Legislature. Those rules do not apply to the Manitoba Legislature, to the best of my knowledge. I think the Chair just agreed with me. We are governed by our own rules, especially of this committee. There are rules for other committees. *[interjection]*

Well, I would have liked to have said that sooner, but I did not really get a chance. There were a number of people that were quite anxious to speak, and I guess I am patient, but it is a little quieter now. It is a little easier to hear oneself speaking.

So I think that, you know, if the opposition does not want to ask questions of the Auditor, that maybe government members might avail themselves of the opportunity to ask questions. But I will rest my case there. I think the motion was actually out of order, but we amended it. It is going to go to the Rules Committee, and they will decide whether this committee gets expanded powers or opportunities to call witnesses. But we do not really want to debate that motion. We are here to ask questions about the Auditor's report, so I think we should probably put the question now, and vote on the main motion.

**Mr. Chairperson:** The question before the committee, then, is the main motion.

**Mr. Selinger:** Because the members of the official opposition have left, I would recommend that we not vote on the main motion. It was their motion. I do not want to show disrespect for them by voting on it when they are not here. Mr. Martindale has just indicated some of his frustrations.

The committee was completely obstructed tonight in its purpose of dealing with the Auditor General's report and the follow up on that by the government, and I do not think I want to do anything that would further undermine the credibility of this

committee by voting on a motion that a member made who is no longer here to deal with it. So I would recommend that we just table it for now.

\* (20:30)

**Mr. Chairperson:** I think that is a very strong recommendation, and I believe that is good. One of the things that the Chairperson said at the beginning, that he does have the ability to stop the meeting before nine. It does not have to go till nine o'clock. *[interjection]*

You do have something to say, Mr. Rondeau?

**Mr. Rondeau:** Just a very quick response, Mr. Chair. It is sad that two people who were listed there were myself and the Deputy Minister of Industry. We were ready and prepared to respond to questions. I thought that the last meeting was very good as far as getting information from the Auditor General, and I found it very instructional to work and read it. I find it a very, very good report that could respond and look forward to seeing how we could respond to the issues of proper governance, proper information for shareholders. I would like to say thank you to the Auditor General for providing very detailed, specific recommendations that we could respond to. I know that you have had discussions with the implementation team. It has been very good to sort of see how we could move forward to get a better regime. It shows that, if we work together, we can move forward in the interests of shareholders and the taxpayers of Manitoba. So thank you.

**Mr. Chairperson:** I thank Mr. Minister. I believe Mr. Martindale has one closing comment.

**Mr. Martindale:** Mr. Chairperson, I am feeling like a senator. On sober second thought, I agree with my colleague from St. Boniface. We should not vote on this motion in the absence of the opposition.

**Mr. Chairperson:** Committee rise.

**COMMITTEE ROSE AT:** 8:31 p.m.