

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

Time — 10:00 a.m.

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

MR. CHAIRMAN: Order please. We have a quorum, gentlemen. The Committee will come to order.

When we adjourned yesterday we had reached page 26 of the Provincial Auditor's Report, the first two paragraphs, the Department of the Attorney General. I'm not sure whether the members had completed page 26.

Mr. Parasiuk.

MR. WILSON PARASIUK (Transcona): Mr. Chairman, in the middle of page 26, the Auditor mentions his report on controlling procedures over lottery activities. Does he have anything more to say in that respect? Is there any way of determining who is getting the benefit from the lotteries, especially some of these where groups are contracting out, I would think, to private groups to do sales. Has the Auditor done that type of monitoring to determine how much is actually going to charity and how much is going to sort of middlemen who act as sellers?

MR. CHAIRMAN: Mr. Ziprick.

MR. W. K. ZIPRICK: Mr. Chairman, this is the area that was presenting substantial concern. This side of the lotteries started out fairly small and then evolved into a very sizeable operation and as can be seen from the amount of money that is realized.

The Lotteries Board was not very active in the control area at that time and there was concern that there could be abuses. Since that time the Board has taken on staff to be much more penetrating in its reviews and to determine the accuracy of the reporting. Now as far as the extent of use for promotion and these kind of things the Board determines that and each operator provides statements which show how much total has been realized, how much has been paid over to expenses and how much is available to the charity.

The Board sets the standards as to how much is permissible. Now the question just arose as to whether the amounts that were reported were accurately reported and with this present monitoring that's being undertaken, there is substantial improvement, and while I'm satisfied that the situation is in much better control, of course we'll be watching the developments further in that regard.

MR. CHAIRMAN: Mr. Parasiuk.

MR. PARASIUK: So what you're saying is you feel that it is not up to the Auditor to look at whether in fact a certain proportion of lottery funds are actually going to a selling cost, basically to private companies that sell tickets for a charitable organization. In order to make money for these groups you don't feel that is part of your mandate, that your mandate is just to ensure that the amount of lottery funds being diverted for that purpose are in fact reported to the Board.

MR. ZIPRICK: I wouldn't say that I would completely disassociate my concern from that area, but it would have a very blatant kind of departure which — if the Board is at all conscientiously carrying out their mandate, that we'd ever likely run into that kind of situation, so that we do observe how much is turned over and the guidelines in the logic of the Board's policy but, barring any blatant sort of — the Board removing itself from this kind of area, I would not comment.

MR. PARASIUK: Well, does the Auditor have any idea what the average selling cost is? Say for a dollar spent by the public on a lottery ticket, would we have something in the order of \$27 million as gross turnover? Can the Auditor indicate what percentage is selling cost?

MR. ZIPRICK: I can't indicate the percentage because the percentage of expenditures to the actual amount realized vary with different kinds of operations and that's reviewed by the Board, and the Board as a matter of its policy lays down the guidelines and then reviews specifically the amounts that are being used for expenditure and determines whether that's an appropriate amount and if they would find that there was abuse, they would of course, take action and remove the license.

MR. PARASIUK: Well, we as legislators would like to also know what that percentage is, and I would have thought that the Auditor, if he is satisfied with the control procedures, should be able to know. How many categories of lotteries are there, four or five?

MR. ZIPRICK: I couldn't say off hand, I have to go to the files and I think that's the kind of information that should be available in some form of a report. Now I'm not sure whether there is a requirement for a report by the Board. If there isn't, there probably should be, that would provide that kind of information to the members that you are asking, because for the Auditor to report on these kind of things, I think would go beyond the normal responsibilities of an Auditor.

MR. PARASIUK: Well, I have before me a list of requests primarily made by Mr. Wilson last year regarding this question, that question, a whole set of questions and information was provided to him. I would like to ask if I can get that type of information regarding lotteries. What percentage of the funds spent on lotteries actually goes to selling cost per category? It doesn't seem unreasonable in view of the type of questions that Mr. Wilson asked last year, which indeed were answered. I'd like to go further and say to the Auditor, if he doesn't have that type of information available, how is he making the statement that there has been some improvement of administrative controls? I would have thought that information like that would be essential to have an improvement in administrative controls and again, I like to ask the Auditor what is blatant, is five per cent blatant, 10 per cent blatant?. We're taking

about a fairly significant sum of money, \$27 million. If it's 10 per cent that would be \$2.7 million.

MR. ZIPRICK: It's not that the information is not available. The information is available in the lottery records. Each organization that sells tickets has to submit audited financial statements which state how much has been realized from the sale of the tickets, how much the expenses were and the kinds of expenses, and then the net proceeds that were available for charity.

I'd have to recheck because I have not been close to this area for some time. As far as I can recollect, there is no specific percentage; each different kind of lotteries will require different kinds of expenditure and it's all set out in the first instance how the lotteries going to be operated before approval is granted for a license and after the license is approved, they're required to submit these financial statements which are reviewed both by the officials of the Board and presented to the Board and reviewed by my auditors to see that all the various requirements laid down in the Act have been followed.

As far as supplying this information, other than the kinds of information we have put together for our working files to back up our audit conclusions, I don't have that information in the office. That information is available with the agency and the Department of Attorney-General. As far as I can see, just like this other information that has been provided by the Department of Finance, this information is available and I don't see why it could not be made available to the members.

MR. PARASIUUK: I'll ask the Attorney-General to see if he could provide me with information.

MR. CHAIRMAN: Any further questions on page 26? Page 26 — pass; page 27 — Mr. Uskiw.

MR. USKIW: Yes, Mr. Chairman. Last year we had a prolonged discussion of the use of taxi services on the part of welfare recipients, etc., in many areas of the province and where there appeared to be excessive use, and I note that the Auditor doesn't say there is excessive use or was pursuant to his inquiring. I wonder does anyone do a check on whether or not there are alternate methods of transportation in those areas or whether it's just habit forming that the method of transportation is by taxi. Are there no buses? Has anyone checked to see whether or not patients or clients of the department, if you like, could have taken a bus as opposed to a taxi to get their medical or dental services or whatever?

MR. ZIPRICK: This has been gone into a number of times. There are bus services available and I understand that fairly recently they're making an attempt of using the buses again.

Several years ago we went into this quite extensively and the difficulty with the bus was that it went once a day. That the whole group would all go down to the Bus Depot then by the time you arrange for transportation from the Bus Depot, provided the meals and brought them back on the bus later on in the day, it was a question of whether, or how cost effective it was against this present approach. The

other concern that was expressed at that time was these people invariably would not go to see the Doctor. What would happen is that the social worker or who ever attended and was concerned would say you go and see the Doctor at that particular time I'll make an appointment for you, well they just wouldn't show up on the bus. Whereas if they made arrangement for a taxi to be there at that particular time to pick them up they would more likely get there.

Now we were told that if they didn't proceed then time and time again these cases would develop into an emergency situation and you'd have to have an ambulance in off hours taking them from there. So there are pros and cons. There are all kinds of difficulties and in some places in some remote areas there is no bus available. They might have to be transported from their specific location to a bus area then from the bus to Dauphin and most of these cases are going to Dauphin, into Dauphin then back, then from the bus back to their home again. In other areas there is a bus available fairly closely. These are the kind of difficulties that we've observed and so it's a departmental matter that goes beyond just simple efficiency and I think it's an area that should be explored with the department officials.

MR. CHAIRMAN: Mr. Uskiw

MR. USKIW: Well Mr. Chairman, I suppose I'm overly suspicious I don't know I just think that it's so easy to fall into habit of taking the easiest route. Both on the part of the social or welfare worker and the client or the patient if you like.

It simplifies a lot of things for both sides but I'm not sure that it's the way to go. If a person has to meet a dental appointment it's not uncommon for any person in Winnipeg to go through some inconvenience to arrange for a dental appointment. Whether it's the dentist being too busy and can't take a person on a certain date and one has to wait or come back or whatever. In this instance were the site the example Mr. Ziprick that the social worker feels that if they don't get the person in that by taxi they won't get there by bus. If it were a dental case I would say why worry about it if they didn't get there, you know. If it's something more serious of course then I can realize that there is some need to determine which is going to be the least costly method for the department. But it seems to me I sure wouldn't want to encourage a system of abuse where people feel as long as they want a taxi they have a taxi at their door for whatever purpose. I think this is an area that can be abused so easily.

MR. ZIPRICK: All I could add to this is that what we in this audit and generally, we ensure that the decisions that are made and the permission to use the taxi and approval for the taxi, is made by people who are qualified to exercise that kind of judgement. Having exercised that kind of judgement, then it's pretty difficult for us to take issue unless again it was very loosely handled. We didn't find that the situation was loosely handled that each one of these requests or these requirements were approved by responsible officials that exercise their judgment. When you get into the area of questioning that kind of judgment by officials as an Auditor you are getting into an area as to, you've got to be careful because you may

undertake to actually be directing the show and not just auditing. So on the basis of audit responsibility we approached it from various areas and from what we could see it was the responsible officials that were doing it. Now as a matter of departmental policy and review with the officials and try to explore and use different means, I think that's an area that what your saying is a proper area to be continuously on the alert and I understand that they are now using buses in some areas that they haven't been before and we encourage that wherever it's practical. But it's difficult to sort of, off hand say, well that's the only way that you can do it.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: The question then that I would put to you, Mr. Ziprick, is whether or not you are familiar with whatever policy or guidelines are issued by the department to the social workers as to how to handle this kind of a situation. Is there first, second, third options for them, and must they follow through on those guidelines or do we sort of leave it to their own judgment and issue no guidelines at all? That's the area that I'm really pursuing, the question of what is departmental policy as to the approach to this problem.

MR. CHAIRMAN: Perhaps Mr. Minaker can answer that. He has indicated he wants to deal with that.

MR. USKIW: Sure, by all means.

HON. GEORGE MINAKER (St. James): Mr. Chairman, first I would like to point out to the committee that at no time do our district offices issue vouchers directly to social allowance recipients for taxi transportation per se and that normally what will happen is that if a bus service exists then normally that is how they would receive their transportation to the hospital or the clinic or wherever they are going.

The problem that arises some times is, one of our personnel will receive a phone call and it's stated to be an emergency and that it's a medical problem which is very difficult to diagnose over the phone, if in fact the person could travel by bus, so that there are occasions, I'm sure, that we do issue the OK to provide that taxi service, possibly a bus could have handled it, but it's only in rare instances that the evaluation has to be made is it necessary to provide a taxi or can they wait for the bus service.

The policy that we have is that, number one, that no taxi transportation costs are paid in any case until such time as our staff has scrutinized a billing in the same manner as other social allowance payments are reviewed and in most instances, the authorization of taxi transportation during working hours would be that a client would contact one of our district offices requesting taxi transportation for medical services, then a staff person, usually a financial worker or income security counsellor, would authorize the necessary transportation directly to the cab company, then they would issue the billing later on for that particular trip. In the case of an emergency after hours, it is obvious that our staff doesn't work 24 hours a day, it's necessary that a medical person's signature is obtained by the client at the time of the medical visit to verify that the taxi was

used for that particular purpose. At that point when the bill comes in, these particulars are verified by our staff, that in fact the taxi trip was for medical purposes. Some medical centers in Winnipeg do have the authority to authorize a taxi transportation in the evenings if it comes by the Emergency Ward. I think St. Boniface Hospital has the authority to issue taxi transportation to a client in an emergency situation so the individual could get home, the injury is such that they feel from their medical determination that the trip should be authorized.

Then our district offices keep a record of all taxi trips that are authorized and compare our record at the month-end and make sure that they correspond or otherwise they would not approve that particular payment. This basically is the policy on this subject.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Well, Mr. Chairman, why don't we just take an example that's listed on page 27, from Mallard, Manitoba. According to this example, there are 1,089 return trips, mainly for doctors and dentists. These trips are from Mallard to Dauphin, Ste. Rose, Toutes Aides, Winnipegosis.

Anyway, how many welfare recipients do we have in total, for example, in this area? What percentage is this of that total? If it appears excessive percentage-wise, is there a follow-up with the medical and dental people there to determine the nature of the visit or is it just taken for granted that the nature of the visit was an emergency, of an emergency nature, and therefore required a taxi service, required an early service rather than waiting till tomorrow when the bus is gonna go by the door sort of thing? These are the kinds of questions that I think ought to be answered, because I find this a tremendous amount of trips. If this is 1,089 return trips out of 1,500 clients, I think that is an awful lot of trips. I like to know the numbers, perhaps the Department or Mr. Ziprick would be willing at some later stage, give us the numbers or total clientele in this area that is being serviced in this way so that we can have an idea as to whether or not this is excessive or whether it is the norm.

MR. ZIPRICK: Mr. Chairman, I don't have the numbers, but I could make an observation that there are not an awful lot of people and the ratio would be quite high, but it's an area that's prone to this kind of problems and so the whole approach would have to be considered in as broad a context of why is the health as it is and the whole environment area, and that leads to all kinds of concerns and other social problems in the area.

I think that this is an area that we discussed here before that could to be considered but it would have to be considered with the Department and their senior expert officials present, who are expert in that area of health services that could give you some idea of what's all involved here, the kind of social problems that are involved and what leads to the kind of health situation that exists here.

As auditors, we observe, we get that kind of information, we have a feel for it but I wouldn't want to, in a second-hand way put myself into the expertise of a professional social worker or medical officer and give you a rundown on the difficulties of the health and the environment in this area.

MR. USKIW: Well, Mr. Chairman, I recognize what the Auditor is saying, however, I also recognize that you can create social problems by being too easy with this kind of service. You can compound your social problems as well, and it seems to me that given the fact that the Minister of Community Services has yet to present his estimates, that this would be indeed an opportunity for him to take notice of this discussion and come equipped with his estimates, whether it is within the next day or two or next week or the week after doesn't matter, and give us a rundown on this particular example so that we can be satisfied that there is no abuse, and if there is, how it might be dealt with.

I just happened to have an intuitive feeling that there must a tremendous amount of abuse here, knowing the community and knowing the size of the population and then looking at the numbers that are listed here on page 27. I think there must be excessive abuse here. I just find it difficult to believe, otherwise.

MR. ZIPRICK: As an observation, abuse understood in the way of lack of integrity and that, no, we don't find that kind of abuse now. Abuse with regard to efficiency, and as I say it's a very, very difficult area there, there are a lot of problems and I may say that we have taken a look in the next year, and you'll find in this year's estimates, the amount is even higher for this situation.

So that it is a problem, but we've looked at all the control areas that would normally be employed as to whether the kind of approvals and that are being exercised by people with the kind of judgment that should know and in all instances it is there, as the Minister has indicated, there are policy guidelines set out, that they don't argue with, that ultimately you have to have a decision sometime made fairly quickly, so the policy can't be firmed that you can't do it. There's got to be some leeway and that's there, but it's not abused from the point of view of loose administration or integrity.

Now as far as improving by using buses, other means, probably improving the quality of the health through some other way and reducing this or making some other provision, I don't know. There was even discussion at one time some years ago about the possibility of having doctors stationed closer.

Well it doesn't work out. I recollect a discussion about the doctors at the clinics to group these; there's resistance to that, because the doctor has patients and he doesn't want to set aside a block of time for this specific. So anything that you take a look at to introduce efficiency creates problems and infringes on individual rights of one, in one way or another, so on the basis of our review this is the situation we found and it is a review from the point of view of policy and a legislative review and a committee, I think that's a valid observation.

MR. CHAIRMAN: Mr. Minaker.

MR. MINAKER: Mr. Chairman, I was just going to say to Mr. Uskiw that we will try and have as much information as possible if he's interested. We try and do it on all areas of our department and to answer very quickly, the question, is it above normal or is it normal? It would appear that the visits to doctors are about normal in that area. I think the average is

across Manitoba, I think in 1977, was three approximately per family, and some of the averages in this area were double that. So that whether or not that's misuse of taxi, I don't know, but they were visiting the doctors, and the question was looked at prior to my responsibility as the Minister of possibly putting a Public Health Nurse in some of these facilities, but that wouldn't necessitate a saving, because there's limits to what the Public Nurse could do in providing medical services, so you might save a little bit on a few taxi trips, but then you've got the cost of the nursing station at that facility.

So from the economic point of view, it is still more economical to provide this type of transportation service versus the individual nursing stations. We did have our Director of Income Security visit these locations — I think it was approximately a year and one-half ago — to discuss this exact subject with the staff at those locations, along with the taxi owners, to try and resolve any misuse if misuse did exist, and we will be looking forward to seeing what the results are. I understand from the Provincial Auditor's statement that they haven't reduced in terms of dollars in usage for this last year, but we were hoping that they would have after having this visit and also to try and make sure that the policies were adhered to.

MR. USKIW: Mr. Chairman, I wonder if the Minister then would agree to furnish the Committee on Estimates the information, the statistics on this particular example, that I made reference to on page 27 of the Auditor's Report, as to the number of total clients in the area and visits proclaimed, population and how that compares, if he wishes, with the norm, if there is a norm, and whether or not he's in a position to do a catalogue of medical reports on these visits to determine whether or not they indeed were emergency visits or very casual visits, annual check-up visits, that could have been postponed till the bus went by the door sort of thing, instead of having to take a \$70 trip by taxi, \$73.25 on average. You know these are the kinds of questions that I think ought to be looked at, so if there is a need for tightening up, then it can be tightened up.

I presume this occurs in Winnipeg as well, I wouldn't suggest that this is particular to Mallard, Manitoba, but to an extent that we aren't vigilant in this area, I think you encourage more and more of the same and eventually I believe, you end up in a situation of public outcry where there is a tendency to contract too far from providing these services and so on. In the interests of everyone, I think it would be good to know there is a fairly good handle on the situation and we are doing as good as can be done. If the Minister would undertake to give us that statistical data during his Estimates, I would be satisfied, Mr. Chairman.

MR. CHAIRMAN: Mr. Minaker.

MR. MINAKER: Mr. Chairman, I will attempt to get the statistics on number of trips, number of clients involved in that particular year and visits per family type of statistics that Mr. Uskiw is looking for but I don't believe that we would be able to provide his last request of information of why they visit a doctor and was it necessary and so on. That is, as the member knows, is confidential information that

neither a Minister nor anybody other than the doctor and the person involved have access to, so we couldn't provide that particular type of information.

MR. USKIW: Mr. Chairman, I expected that answer. The question then is, how is it determined whether it is an emergency trip or not, or do all the trips then become emergency, whether they are or not? That's really where we're at, isn't it, because the inference would be if it's determined these are of an emergency nature and therefore they can't wait for their bus, they have to take a taxi. And if they didn't do that, we might end up having to pay for an ambulance sort of thing, which would be more costly. So where is the determination made then that it is indeed an emergency visit and that it is warranted, if we have no access to find out the nature of the visit, no access to the records to determine whether or not in fact it was an emergency visit? We don't have to know the precise detail, but the certainly the medical practitioner can tell us whether or not in his view that was a client who had an emergency situation that day.

MR. ZIPRICK: Mr. Chairman, as far as that area in terms of the laid down policy, The doctors make those decisions, these are professional, medical decisions, and they appreciate what is involved and the only way that you could have a check is maybe have another doctor independently review and express an opinion. Now what you probably wind up with is you have two varying medical opinions, you probably have to go to a third one, so I think that the department having reviewed — and the department has expertise that medical expertise that's independent — having reviewed that with the medical practitioners and assessed what the problems are, then after that you're more or less obliged to rely on that professional advice.

MR. USKIW: Mr. Chairman, if the Minister can assure me that in perusing the documents, that he wouldn't run across examples of complaints of a sore back, or complaints of a toothache, wherein an emergency service was provided, then I would be satisfied. That's the kind of thing that I'm talking about. If it's an acute situation, I don't think anybody is going to debate or argue the point, but you know, my humble opinion is I think that virtually all of the visitations here are pretty well emergency in nature according to the records, whether in fact they are or not. That would be my guess, Mr. Chairman, you know, I wish there was a way of determining that.

MR. ZIPRICK: Mr. Minister can correct me but my understanding is that this is not just emergency service, this is looking after the medical health of that community and this is the method of doing it and as far as the bus, I don't know how practical it would be in these circumstances if you have to take the people from one area to the bus and on, you run into various difficulties is my understanding of it and our audit disclosed that this is not an emergency service only. This is basically looking after the medical health of the community.

MR. CHAIRMAN: Any further questions on page 27? Mr. Miller

MR. SAUL A MILLER (Seven Oaks): In regard to the Department of Education financing of school

divisions, I indicated here that regulations, you anticipated, Mr. Ziprick, that regulations would be brought forward with regard to the payments by municipalities to the School Board. Has there been any further action that you know of in that regard?

MR. ZIPRICK: No, the payments from the municipalities to the School Board has not been finalized as yet. The Province of Manitoba's side has now been taken care of and as indicated here the province money flows other than the certain amount at the start of the year from April 1st; it is completely up-to-date. Now my understanding is that as far as the municipal side, there is review of the entire financing of the school program and as in the review, when there is deletion made that more will be to the foundation program and less to the special levy, then the funding from the municipalities will be somewhat different. Now the part that alleviated the municipal funding through internal agreements has continued as indicated here even more extensively during the past year. In other words, instead of going and getting money from banks they are making arrangements and getting loans from the municipalities and that in effect reduces the cost and improves the situation, so that it's substantially improved and I understand that when the financing is established then the area of the flow of money will be also looked at.

MR. MILLER: Yes, true, there may be a drop or the amount of special levy may level off or may be dropped; it's too early to say so it's a matter of skill. The question though is this, it still pertains, the School Boards require money from municipalities, whether it's because — there will be a special levy, there always is a special levy, and the question therefore is whether or not the municipalities will have to do as the province is doing, start making payments as of April 1st or whatever date is determined. You know, charging them less interest rate as one percent less than prime is very interesting. It simply shows the municipalities have the money to lend. That's what it shows and instead of lending the money why don't they just pay the money, so that you don't have this business of I'll lend you money at 1 percent less than prime, meanwhile I'll borrow the money to the bank at the short-term interest rates, which are over-prime? Why can't we get away from this sort of jockeying, which takes place between the two levels, the two bodies — the School Board and the municipalities.

MR. ZIPRICK: As I understand it, this is still being looked at, but it's not been resolved and we'll be following it up in the next year.

Now I agree with you that this bookkeeping method, it improves the municipal position, because they get the interest at the expense of the school side, so I guess in totality the taxpayer, other than some shift in costs, doesn't lose out. If you have to pay for servicing through the banks, and as I said before, I don't believe that the banks are overcharging, but the moment you go to the banks, they have costs that are involved that have to be picked up. So to the extent that you have to pay for those costs, it becomes inefficient and the taxpayer loses in this sort of internal transfer, but I agree that there doesn't seem to be any good reason for this

kind of bookkeeping operations, and a more desirable one would be to make the money available as it basically becomes available, so that there is a minimum of need for this kind of shifting.

MR. MILLER: I recollect from many years ago, where the municipalities argument was that they didn't have the funds and they'd have had to go to the bank and they'd have had to borrow the money to pay the School Boards and that was their explanation of why they couldn't improve the flow, because the tax bills hadn't gone out because they didn't have the funds.

But according to this, if they're charging 1 percent below prime, they must have the money. It's available to them, obviously, and as I say, in that case I think, you know, this should be looked at very intensely to assure that the cities and the municipalities that are doing it, if they are lending money to the School Board, I'm assuming they have the money and therefore instead of lending it they should pay it.

If a municipality is strapped for funds, because its own tax bills haven't gone out and they have had to go to the bank for their own purposes, I can understand that; but where there is money available to the municipality and it's invested with the bank or some other means, treasury bills or whatever, then surely the School Board should get the money and not go through this mechanism of we'll charge you less, but we'll have a bookkeeping entry and then you'll have to repay us at such and such an interest rate.

So I trust you'll be continuing to look at this matter.

MR. ZIPRICK: Yes, we will be updating that during the next audit and we'll see how far it's progressed, but that's, as I understand it, that's where the situation stands now. You can get further information from the Minister.

MR. MILLER: The next item is the last paragraph where you referred to the department's control over the schools capital bank loans. Are these loans, are these monies that are borrowed by the School Boards for other than authorized capital expenditures; in other words, expenditures that the Finance Board approves of? Is that in excess of what the Finance Board approved?

MR. ZIPRICK: This was the difficulty that there wasn't a monitoring situation and we could not establish and the department did not have information as to whether these loans were for the approved projects or for some other projects. We know in some instances, they were for projects that were still not approved.

The situation now has been that the department has established a system and they are now monitoring so that, as I understand it now, every loan can be related to a specific approved project.

MR. MILLER: I can understand if you're dealing with approved projects, because the approved projects are covered 100 percent by the Finance Board as part of the Foundation Program. But if a School Board applies to the Finance Board and is turned down, which often happens, they may on their

own decide that they want that particular auditorium or they want that gym to the scale that they'd like to have it, and they only get partial funding of it, or they're totally turned down by the Finance Board, then they proceed to borrow the money, that becomes part of the special levy, because they won't get a nickel of it from the Finance Board.

In that case, is it your concern, or are you concerned at all since this is not a drain or is not a demand on provincial funds, it's part of the special levy, they're going to have to retire it, whether it's in one year or three years or whatever, and it's simply done through a levy on their own ratepayers.

MR. ZIPRICK: We are concerned, because there isn't a capital borrowing that the School Division can undertake, without getting approval and so even if it's going to be a special levy charge, an approval is required. Just like the municipality has to go through a Municipal Board, the capital projects have to be approved and if they get approved, even if they're going to be a special levy item, they need to be approved.

MR. MILLER: They need approval if it's going to extend beyond one year, but I think if it's going to be paid for within that year, then it's just treated as part of the operating costs of that particular fiscal year. So if they over expend \$15,000 on a capital project, because that's what they would like for their school, the Finance Board has said, no, we won't cover, they proceed to spend the money and they have to levy for it, within that fiscal year. I don't believe they need authority for that kind of borrowing.

MR. ZIPRICK: Well then it's really not a capital project. It's just an operating for that year and it's part of the budget system and they would just finance it through that. These are specific projects, capital project borrowing that would go beyond one year, and I don't remember the exact details, but there is a specific control requirement to ensure that — just like the municipality, school divisions cannot undertake capital projects of a kind that would strain the taxing facilities and certain controls are in existence and approvals are required. This is what we are concerned about.

MR. MILLER: Do you think that from here on in the department will be requiring some information from the school board?

MR. ZIPRICK: They have already established that kind of monitoring system and it's not a question of just ensuring that the proper approval procedures are being followed and now the system is in place and we will not have concerns, because once a project has been approved and the bank loan has been initiated to do the preliminary work for that projects, it's completely within the school division's rights.

MR. CHAIRMAN: Any further questions on page 27? 27 — pass; page 28 — Mr. Uskiw.

MR. USKIW: Yes, on page 28, Mr. Chairman, I notice the Auditor's reference to quite a substantial but reducing over-awarding Student Aid. What is the

problem? Why is it not possible to structure the application forms and approving system, so that we wouldn't be susceptible to this kind of abuse, Mr. Chairman?

MR. ZIPRICK: The main problem as I understood it, is that when the student makes application, the amount that he or she will earn during the summer is not known, so it's substantially understated. Then there was a lack of monitoring and follow-up and in instances it was found out afterwards, they earned substantially more than was declared and as a result, their assistance should have been reduced. These were the problems.

Now there's been an ongoing improvement in that area, so that there is a much better monitoring system and as a result, it's improved substantially and it's getting to the point — there always will be some — you can't work into that kind of precision, but it's improving to the point that it's going to be quite reasonable.

MR. USKIW: Mr. Chairman, I know it's improving, but it's still about a fifth of the total, approximately. So my question is, why is it not practical to have the person receiving student aid, report at the end of his income year and then make the determination as to his over-awarding or under-awarding or whatever, and have an adjustment process take place at that time? Why is it not mandatory that at the end of that year that they must report back and do an accountability.

MR. ZIPRICK: That's the procedure pretty well laid on now, it's just that procedure. It wasn't in existence before but it's now in existence, but then you still wind up with an over-award because of the difference and then you go through the process of recovery and recoveries are being made, so that I guess there is control now but to reduce the over-award, the person that's applying would have to be very optimistic about their earnings, and human nature what it is, chances are they'll always be a little more pessimistic. So the over-awards will continue to some degree but there is a policing mechanism that pretty well takes care of it.

MR. USKIW: Are you saying then, sir, that we should be in a position to recover every penny of over-award with the new system or with the improved system?

MR. ZIPRICK: Not necessarily, because if a person that's continuing and they are entitled to an award next year, their next year's award can be reduced but if a person discontinues and is not available to adjust, then it's a straight collection system and if you can collect, fine, and if you can't, it's just like any other debt.

MR. USKIW: That's my very point, though. If there is an over-award of \$1,000 or whatever the amount is and I don't know the amounts, why wouldn't the department want to make that collection, now not just want to, but enforce it? I mean there are many ways of collecting accounts receivable, as we all know, and I think it is wrong to just lay back and hope that the payment is made. There has to be a satisfactory commitment and if that isn't possible

then I think the legal means have to be applied to recapture; I don't see why that is a problem.

MR. ZIPRICK: Mr. Chairman, there is a policy now of collecting this debt, just as any other debt, that proper notices are given and attempts are being made and in some instances there's legal action, but in other instances the person is gone and there's only a certain amount. It costs you more to even trace them down, so naturally you wouldn't spend, so there is some loss, but the recovery procedure, there is a laid on system, but as far as we're concerned, we're satisfied that the system is of a kind that's employed anywhere else to follow up amounts recoverable.

MR. CHAIRMAN: Are there any further questions on page 28? Page 28 — pass; page 29 — Mr. Uskiw.

MR. USKIW: Yes, Mr. Chairman, the Central Provincial Garage. The garage is still not fully utilized. Is that correct in this point in time?

MR. ZIPRICK: It's now fully utilized. All vehicle operations have been moved to the new garage and as I understand it, it's fully utilized.

MR. USKIW: I'm sorry, I misread your statement. That's a year ago you're referring to. So that there is now no redundancies — redundancies is hardly the term; it's a new building. It is now fully utilized and we're getting full value for the asset terms of its use.

MR. ZIPRICK: Yes, it's completely functional and utilized to its capacity as I understand it.

MR. CHAIRMAN: Mr. Ransom.

HON. BRIAN RANSOM (Souris-Killarney): I think, Mr. Chairman, that it's not fully utilized as a garage. Is not some portion of it still being utilized by the Community College?

MR. ZIPRICK: Oh, sorry, that's what I said on the report so I meant fully utilized in the broader term, in both as a garage and this other training part that's tied up with the College.

MR. USKIW: On the next item, Mr. Chairman, where did the \$1.4 million go in the Department of Government Services that we seem to have lost track of here? What was the \$1.4 million used for?

MR. ZIPRICK: It's not a question of losing track of. It was an over-expenditure of two appropriations. One appropriation was Operation and Maintenance of provincial buildings and grounds and being appropriation 2. under the department and the other one is Supply and Services being appropriation 3. under the department.

Now the items that were paid after the year and consists of a variety of items such as gasoline bills and various other things. Now in our system I don't know whether the gasoline requirements exceeded the Estimates or something else.

MR. USKIW: We have no way of knowing.

MR. ZIPRICK: We have no way of knowing — if what we talked before there was this backup and

there was comparison, we could then determine as to what category, what mix had created this over-expenditure, but in our present system, I have really no way of knowing and this is what I tried to explain to the press but they misunderstood me and thought that I didn't know. We know there is a print-up, there's a list of specific vouchers that apply to the old year were paid subsequently and constituted the over-expenditure.

MR. USKIW: You would concur then, I presume that, what should have taken place here was that there should have been a request for a Special warrant to cover the over-expenditures and that's where the missing link is. They should have had approval to do so.

MR. ZIPRICK: Well, in this case I guess it will be a Supplementary Supply . . .

MR. USKIW: Well all right, whatever, one or the other.

MR. ZIPRICK: . . .because the Session was in progress and when this became apparent, if it had become apparent before, so it was either special warrant or a supplementary supply, but it wasn't covered. In some ways it is a technical sort of error, but on the other hand it's an error that we consider to be quite important because this is the control mechanism for commitments and if people start making commitments without having regard to this, the situation could get badly out of hand. So we watch this area fairly closely and if there is any departure, and then we take it quite seriously, and in fact, it's a violation of The Financial Administration Act.

MR. USKIW: Mr. Chairman, I don't want to pursue it with the Provincial Auditor, he's made his point well before and again today, but I suppose I could engage with the Minister of Finance and ask him whether this typifies the sound management control that his government has been talking about for the last three years.

MR. CHAIRMAN: Mr. Ransom.

MR. RANSOM: No, Mr. Chairman, it doesn't, but I would say that the presentation in the media typifies the way some of these things are presented sometimes.

MR. CHAIRMAN: Any further questions on page 29? 29 — pass; Page 30 — pass; Page 31 — pass; Page 32 — pass; Page 33 — Mr. Parasiuk.

MR. PARASIUK: Yes, I am interested about a comment regarding the Manitoba Health Services Commission. You state that the majority of private profit-making personal care homes are not submitting audited financial statements. Is that correct?

MR. ZIPRICK: Some of them are not, that's right.

MR. PARASIUK: And you say, as required by a Manitoba regulation, so they're breaking a Manitoba regulation by not doing that. Is that correct?

MR. ZIPRICK: That's correct.

MR. PARASIUK: Then why are they being paid?

MR. ZIPRICK: It's not up to me to decide.

MR. PARASIUK: Well, if indeed other agencies did not meet regulations as laid down by Government Legislation, say with respect to health and safety standards, how does the Government deal with these people? I would think that the way in which it deals with them is not to pay them.

MR. ZIPRICK: I think I should expand on this. It's more than just what appears on the surface. When this regulation was brought into effect there was an immediate concern by some of the small operators, which I have some substantial sympathy with in that they are small operators, they didn't have a professional audit because a professional audit would be quite expensive, it would be inconclusive, because a substantial of their input was the owner himself plus his family and if you tried to evaluate wages and determine costs on that basis, you'd certainly run into significant difficulties. So the department established an alternate control in that they were reviewing the salaries and the quality of the service, and the payments were being on the basis on the quality of service. If we persisted in demanding an audit, I think, we would be subjecting these people to substantial costs and the audit would still be inconclusive because carrying out that kind of audit you'd have difficulty to certify that that was the cost involved as far as salaries and some of the other areas, because even food allocation between the family for its own use and for the unit use, and all the areas would present a substantial problem.

Now, there are larger operations that there was dispute about. It's an area that should be resolved and it's being worked on. I understand that it's now before the Government and the matter is to be decided by the Government, and that part, I, of course, cannot provide an explanation, you'll have to get that from the Government.

MR. PARASIUK: So you're saying, you know I can appreciate some of the points you make with respect to smaller homes, although you are asking that there be an accounting procedures with respect to grants to small agencies. There are government grants made to small agencies as well and undoubtedly they must make the same type of complaint, but I'm more interested in the larger private profit-making institutions that have refused, I gather, to provide audited financial statements. Are the public non-profit personal care homes providing audited financial statements?

MR. ZIPRICK: As far as I know, I can't be sure, I'd have to review the position, it's been some time since I looked, and we'd have to review, but there are some financial statements being provided by the larger homes, but not by all. Now, I don't know which is private, which is public, we'd have to do a research, but the whole area was under question and under review and there is no doubt that some of these larger homes should be providing audited Financial Statements and some of them are not providing. This is a matter before Cabinet with the idea of providing a change in the regulations which will make it workable and could be enforced.

MR. PARASIUK: Mr. Ziprick, I think that we should be very clear in our terms. You in your report refer to proprietary personal care homes, these are private profit-making institutions. When I've talked to the non-profit community-based religious groups. They in fact provide financial statements. They find it very strange that many large private profit-making institutions do not provide financial statements to the Government. I'm appalled to find that there was regulation requiring this that is not being met. I can perhaps have some sympathy for the smaller institutions, but surely not for the larger ones. If we're talking about health care, what are the larger, and we're talking about the proprietary ones because the non-profit ones have told me that, and you yourself in your report only refer to the private profit-making ones. I find it astounding that in the provision of health care where the capital costs are built into the daily rates; where you have a long waiting lists for people, people waiting to get into both non-profit and private profit-making personal care homes; where you have the per diem being paid for by the Government, about 75-80 percent of the cost being paid for by the Government under Medicare; where you have the remainder being paid for people out of their Old Age Pensions; where there are these long waiting lists where there is no risk to the owner of a private profit-making institution, there is no risk whatsoever. Therefore, I think it's open to debate as to whether in fact they should receive profit which is supposedly a reward for risk, as opposed to receiving a management fee, which is something else. There is a distinction between profit and management fees.

This is open for debate and what I think the public needs in this respect and surely the government should have it, by the financial statements of these institutions. They just can't say, well, you know we meet government inspections with respect to safety and health, and if that's sufficient, we'll keep everything internal, secret to ourselves, we'll find out when the inspectors are coming around, we'll put on a good front.

I don't think you can have sufficient, administrative control from the government's prospective with respect to the expenditure of health dollars for nursing home care if large institutions refuse to provide financial statements.

There are some of these large institutions that indeed, are involved in a number of other businesses of a private nature. Would it be possible for some of these private profit-making institutions to slip in some of their costs for laundry, or administration, with respect to some of their other businesses, into claims that they make against the government for the provision of personal care for people in those institutions if they are not providing audited financial statements? Is that a possibility?

MR. ZIPRICK: There is a possibility, but in the case of the rates, they are being paid a certain established rate. The rate is not of a kind that will cover their entire operations. It's a rate that's established taking the other criteria into account and on the basis of that rate, the payments are made.

Now as far as the financial statements and what you are saying, I don't disagree. The regulation was passed demanding it from all. Now I'm just making a point that for some of them, the smaller ones, there

would be no practical value to enforce. For the larger ones, there should be an enforcement and so the whole matter is in the hands of the government to decide what action is to be taken.

Now as far as the actual paying, if the payments were made on the basis of recouping the deficit, then I would say that you could not make payments without some kind of verification, but the payments are made on basis of daily rates that are established by other criteria, other than the costs of these organizations and because those rates are established in that way, they are continuing to be paid. But I don't disagree and would hope that this matter be resolved so that the size is established as to which ones should provide financial statements and they should comply.

MR. PARASIUK: Would it be possible to get a list of the names of the private profit-making institutions that refuse to meet a regulation of The Health Services Insurance Act to provide audited financial statements?

MR. ZIPRICK: There would be no difficulty. The department has that information and the information could be asked for and I see no reason why . . .

MR. PARASIUK: Can I get it through you?

MR. ZIPRICK: Well, I shouldn't say, I don't know whether they would want to release specific organizations or not. That's information that you'd seek, have to seek from sources other than the Provincial Auditor, because the information is accessible to me, but it's not my information.

MR. RANSOM: Mr. Ziprick, I'd just like to make sure that my understanding is correct of one of your recent statements. I gathered that you said that the payments to the institutions are not based upon the cost, is not related to the statements that are filed.

MR. ZIPRICK: Not specifically related to those statements. It's my understanding and there again it's something that the department officials who are doing it, would be provided more specifically, but my recollection and understanding is that the per diem costs are established on the basis of the costs that are being incurred in similar institutions and there's an average struck and this is the rate that's paid to them.

Then in these instances where there has been no financial statements, the department has looked at payrolls and other kinds of service provision data to ensure that this service is being provided and it's mainly people oriented, so the payrolls are the ones that they particularly pay attention to.

MR. CHAIRMAN: Order please. I had thought Mr. Parasiuk was finished and you were applying to the point that he raised. If you're not, I'd like to continue with him. Mr. Parasiuk, if you'll continue, I'll go on to Mr. Ransom and Mr. McGill.

MR. PARASIUK: Last year the Minister indicated that the government would change the policy of the previous New Democratic Party administration, which was withholding, was not approving the construction of new private profit-making personal care homes,

because there was a long waiting list of non-profit community and religious groups wanting to fill the need for personal care homes by building these personal care homes as non-profit ones.

That is the subject of some political debate and I don't want to draw you into that but I do want to raise the matter that the Minister raised last year. When he made these announcements, we asked him is this going to cost the Government of Manitoba and the people of Manitoba more money, and he said it's going to cost \$1.3 million more to provide personal care homes through these private, the newly approved private profit-making institutions.

Now, how is drawing that \$1.3 million figure? If he's not going to get audited financial statements from many of these large institutions, how is he going to derive whether it should be \$1.3 million or zero extra? Because it's costing Manitoba \$1.3 million to meet this particular thrust of the Conservative Government. It would cost the people of Manitoba \$1.3 million less, if they followed a non-profit route.

If they decide to go with the private profit-making route, it's going to cost the people of Manitoba \$1.3 million.

Now, we find from your report this astounding revelation that these people are required to provide financial statements, but don't. I think that you cannot have a situation operating like this, where our regulations are not being met, where there is a blind eye being cast, where people are being paid, not on the basis of what it costs in the provision of health care; I would have thought that health care should be based on cost, but if some other criteria are established and if it costs less, then fine. That's going to be some type of reward to these people operating this private profit-making institution.

The non-profit groups say we've opened our books to the government. They can see exactly where all our costs are and frankly, if they think we're too high they start cutting back in certain areas. But they open their books up to the public, to the government. The private groups don't; they keep it hidden and say we'll meet your inspection requirements — and I bet you they'd be very interested in finding out what that inspection schedule is going to be — anything that they are able to squeeze out of that system will be kept by them as profit.

Now, I said before that there is no risk attached to operating a private profit-making nursing home, because the waiting list is long and the fees are completely paid for by the government or by the individuals, but they're completely paid for by Medicare. So this isn't profit that they're squeezing out; it's something else that they're squeezing out. If they're not providing financial statements, one could argue that it's the quality of care that they're squeezing out; I don't know what name to attach to that extra bit of money that they gain. I certainly can't apply the term profit to it; there's no definition like that. One could term it, from the position of the Manitoba Government and from the position of the Manitoba taxpayer, that that's an extra cost that's being squeezed out. I think from the point of view of sound administration and sound management, that the government should know how much extra is being squeezed out of the health care system, with respect to private profit-making personal home care.

Then it should decide whether in fact it wants to continue to have that amount squeezed out from public funds; whether it wants to call it a different name, a bonus, to the private groups, fine, bonus, maybe they are managing better, although the non-profit groups have had a pretty good history in this respect. I didn't realize that it was a requirement, because if that's the case, can educational facilities say, we're not going to follow these regulations either.

That's all the questions I have right now.

MR. RANSOM: Well, Mr. Chairman, what we've seen here by Mr. Parasiuk, is an attempt to distort what the Auditor has said and to distort the picture of what's actually happening. It started out with a statement that some institutions, and I think the record will show that the Auditor said we're talking primarily small family-run operations and suddenly Mr. Parasiuk is translating that into all large profit-making institutions which, of course, he has an ideological bent against and it's necessary to know what the facts are in this case.

I would also be interested in knowing what institutions we are talking about and I think it has to be made very plain that the payments that are made to the institutions are not based upon the statements that are provided. The statements are evidently provided as a source of general information. It is my understanding that the private institutions are paid on the same per diem basis as the non-profit institutions are paid. I think that the Honourable Member will find that when he refers to an extra cost of \$1.3 million, he's not talking about an operating cost, he's talking about an interest cost, which was over and above a 2 percent rate, a 2 percent rate of subsidy, 2 percent money that was made available for non-profit institutions, which it now appears will not be available to non-profit institutions, either. So, Mr. Chairman, I think that this situation is perhaps not what it has been made out to be.

Also, I would like to ask Mr. Ziprick if he would go back and reiterate what he said initially as to the distribution of the homes that are not providing audited financial statements. Perhaps he can also comment as to whether they are perhaps providing accounting statements, but not audited statements and I also would like to know from him is this a situation that has been ongoing for some time, or is this a situation which has just occurred recently?

MR. ZIPRICK: Mr. Chairman, this situation is right from inception; my understanding is since the regulations were passed they were not complied with, as far as supplying the financial statements by the private ones. The public ones we don't comment, so I assume what Mr. Parasiuk says here, that there are financial statements available and we've examined them. As far as these private ones are concerned, there has been ongoing discussion as to the provisions of these financial statements. I, myself, have reviewed this and the association has even spoke to me and as far as the small operator, I agree that financial statements, audited financial statements, would not be produced too much, information wouldn't be too conclusive.

As far as the larger, at first, when it was brought in, there was not too many larger ones, there were more smaller ones, I'm going by recollection. Now

there are quite a number of larger ones that I think financial statements should be provided, but in any event, the policy should be cleared up.

With regard to other accounting data; that's available to the inspectors of the Health Services Commission; when they go to check they are provided, as I mentioned before, with payrolls and various other accounting data. But the audited financial statements are not available. Now I don't know whether they do have auditors and have audited financial statements and will not make them available, or whether they don't have any audits.

MR. RANSOM: Mr. Ziprick, you said this had been ongoing since the regulations were passed. You didn't say when the regulations were passed; have you any idea how long that's been in place?

MR. ZIPRICK: I don't know the . . .
(Interjection)—

MR. RANSOM: The regulations were passed in 1973. It's my understanding, then that there have been non-profit institutions in operation during that entire period of time and I assume then that the policy has been in place for that period of time; it's not something that has been brought about during the past three years.

MR. ZIPRICK: I would be just substantially guessing because I'd have to review more closely the information we have in our files. I think Mr. Miller, who was at that time the Minister, would probably provide more accurate information to my recollection.

MR. RANSOM: You're not certain at this point how many institutions have not filed or what size then have not filed.

MR. ZIPRICK: I couldn't give you the number. I've, we've seen the list and the names of the institution and they're categorized by size, but I wouldn't want to start providing this data here without having it before me, because it's fairly important data and I, working for memory, I could mislead the situation and I think it would be improper to do so. But the information is available; there are lists of these homes and they are graded by size and, as a matter of fact there was a discussion with me, as to where a reasonable cutoff would be, as below what size any request for financial statements would not be useful.

So all this information has been gone through and I understand that the considerations are in the works for some kind of a policy definition.

MR. RANSOM: Did I understand you to say, Mr. Ziprick, that you're not absolutely certain that all of the non-profit organizations are filing audited statements?

MR. ZIPRICK: I'm certain that quite a number of them, even the larger ones are not filing, but I can't say that they're all not filing, but —(Interjection)— non-profit ones, yes. These are the ones we're dealing with. —(Interjection)— Oh, I'm sorry, profit ones, profit ones. We're not dealing with the non-profit ones; we're dealing with the profit ones.

I know that there's quite a number of these profit organizations that are not filing; I'm not sure as to

whether none of them are filing. I know they do have an association and they work together so, where there's a matter of their policy, none of them have filed, I'm just not sure of that.

MR. RANSOM: My question, Mr. Ziprick, was that I had understood you to say in the base of your earlier discussion, that you were not certain that the non-profit agencies had all filed audited statements.

MR. ZIPRICK: Right at this moment, I couldn't say that every non-profit had filed, but I would say that more than likely. Now to be certain we'd have to review, but most of them are, because I've seen financial statements myself of some of the non-profit organizations.

MR. RANSOM: But you've also seen financial statements from some of the profit ones as well.

MR. ZIPRICK: No, I don't recollect seeing any financial statements for the profit ones.

MR. RANSOM: Are you saying then that none of the profit-making institutions have filed audited statements?

MR. ZIPRICK: I really don't know this area, because the non-profit financial statements that I saw were special cases that were being brought to my attention. I didn't do the audit personally so we'd have to consult from the file to see whether there were no profit audited financial statements.

MR. RANSOM: Well, that's fine then. I guess there just seem to some — I don't know whether confusion is the right word or not — but we don't seem to be completely certain of where statements are being filed and where they're not so I'd leave it for the time being. I'm sure that the question is going to arise again in Health Estimates. Perhaps we can get some of the answers there.

MR. CHAIRMAN: Mr. McGill.

HON. EDWARD MCGILL (Brandon West): Mr. Chairman, I had a question which I thought was appropriate 10 or 15 minutes ago. I think it's largely been answered at this time.

I did intend to ask the Provincial Auditor whether the provision of financial statements by proprietary nursing care homes, or the lack of provision, was a problem that had developed within recent times or whether this had been a chronic problem since the regulations were passed. I know that he's answered this, I think, but I just didn't catch it; can he refresh the memory of the committee as to when the regulations were passed requiring such financial statements by proprietary nursing care homes?

MR. ZIPRICK: I believe they were passed in 1973 and right from the time they've been passed there was a difficulty in this area, and the difficulty was arising basically because of the small operators having these kinds of problems, and as a result the enforcement did not proceed right across the board.

MR. MCGILL: Mr. Ziprick, during the past years it's been a bit of a problem and you and your Department have been attempting to find a way to

ensure that this regulation has been complied with but, up to this point, this has not been entirely possible and you can see, as I gather from your responses, that there is a problem with the smaller proprietary nursing care homes in providing audited statements as required under the regulations as they now stand.

MR. ZIPRICK: Yes, the smaller ones I personally feel and see the logic of their concern and I think that it would be subjecting them to costs because the audit costs would be expensive for the smaller to get audited financial statements and they would still be inconclusive because of the nature of their operation. Now there are quite a number of these larger profit organizations that are operating as a business and they could be audited and financial statements could be provided just like for any other business.

MR. CHAIRMAN: Mr. Miller.

MR. MILLER: Perhaps I might clarify, I said it was '73. I think it was '73 it might have been early winter of '74 that these regulations came out, but at that time there was a policy of not allowing private sector profit-making nursing homes to be built and so there was sort of a grandfather clause and the per diem paid was an average paid to the non-profits. Now, some of the privately-owned ones complained that was not high enough but unless they made their statements available, audited statements available, that was what they were going to get.

The concern, I believe now is that there's been a change in policy, a freeze on profit business-oriented nursing homes has been lifted, and now the Government is encouraging the construction of businesses who are in the Personal Care Home field, nursing home field. This is like any other business, in some cases they're on the Board; they can buy their shares. I can tell you they're a very good investment because they can't lose with the demand for Personal Care Homes they're guaranteed full occupancy, it's not like a hotel; they're guaranteed full occupancy. As a result, the concern now that I think Mr. Parasiuk is expressing is that, firstly, we don't happen to agree with the fact that business should be in the health field in that sense, and that any profits to be made should accrue to a non-profit organization that can plow it back into the services to these elderly people; but that's a policy and that's a difference of opinion in principle and the Auditor cannot get involved in that. Now that there is going to be, I'm not sure it would be reflected in this audited statement because I'm not sure there were any opened in the year ending March 31st 1980; I think they may have opened later on in this current fiscal year. A concern now is that those privately built ones, business operations, that they must, if they are going to demand, as they are, a return on their investment, if their shareholders are going to continue to support them, which they are, then there has to be an audited statement. There's no question they have audited statements because these are companies that are reporting to shareholders and they have to go through the process of having audited statements. Certainly in their cases I can't see any justification for them not making that audited statement available to the Health Services Commission; it just makes no sense.

The broader question of whether or not Manitoba should have gone in that direction as I say is not to place for this particular debate; the debate and the Estimates. I was just suggesting to the Auditor that he look closely at the current fiscal year when he goes to audit it to make sure that those newly constructed facilities that came on stream in 1981, the winter of '81. They must because in their case they are being paid over and above what is being paid to the non-profits; they're being paid that amount to cover their retirement of their debt, it's built into the per diem, and the principal and interest on the construction cost, and the profit which they are making on it; that's built into the per diem that's going to be paid to them. The Minister indicated about \$1.3 million for this fiscal year. I'm simply saying to the Auditor I think when he goes to look at this fiscal year's accounting he's got to zero-in on those specific ones. The others that existed date back to prior 1972, I think it is. Some are very, very old and some very, very small and although they did refuse, the method to deal with it was to pay them an average and if they didn't like it, that's just too bad. If they weren't prepared to make statements available that's what they got, and I know they weren't happy but that's what they got. So, I'm just asking the Auditor to this year zero-in on those particular ones which have been built within the last 12 months.

MR. ZIPRICK: Mr. Chairman, we will be following that up, and that's why I reported it because we're concerned about the control as it now exists. The Government is looking into it and hopefully a policy will be established as to how they're going to be controlled and then we'll be reviewing that in conjunction with that policy, including the present situation, and we'd be reporting further next year.

MR. PARASIUK: Mr. Ziprick, when did you say the matter was referred to, the Commission has referred the matter to Cabinet for a decision. You must have raised this matter with the Commission; you're talking about the fiscal year 1980. When would you have raised it with them, a year ago, or . . . ?

MR. ZIPRICK: This is not a new item; it's reported it in my report already last year and I think the year before, so it's been under discussion for quite some time and the Commission officials have discussed with me and have come up with certain kinds of approaches that may resolve this in a submission that has been made to Cabinet and the Cabinet has not made a decision. I'm not privy to Cabinet considerations so I cannot comment on that, you'll have to get the information from somewhere else.

MR. PARASIUK: So, that means then that the Commission had been made aware of this by the Auditor and yet the Commission, and I would think the Minister, and conceivably Cabinet cause I think this change in policy from non-profit nursing homes to private profit-making nursing homes have the concurrence of Cabinet, and certainly did have the concurrence Cabinet because it was a very major change in policy. So the Cabinet made this policy change knowing full well that there were concerns raised by the Auditor. I'll just deal with the larger private profit-making institutions weren't providing,

or at least many of them, weren't providing audited financial statements, unlike non-profit institution. If you raised it three years ago or two years ago that certainly was the case there.

I would also like again to ask the Auditor, or maybe I should ask the Minister of Finance, that in the past in these meetings we have been able to get detailed information regarding why payments were made to Bonar and Bemis Ltd.; why payments were made to Huggard Equipment Co.; we've been able to get that type of specific information that relates to the Department of Government Services; it relates to the Manitoba Housing and Renewal Corporation; we've been able to get that type of information. I don't know and I can't recollect that we had to wait and go through Ministers and ask directly to get that type of information if, in fact, it has been brought up in the Auditor's statement.

So, I'd like to make the formal request that we get a list of the names of the private Personal Care Institutions that have not provided audited financial statements, plus their size. That would then, the Minister himself was asking very detailed questions of the Auditor in this respect, and I would think that that would be something that the Minister, through his previous questioning, would surely want to know and that is something that I would surely like to know as well. It strikes me that if the Auditor has this information at his disposal, rather than trying to prod in on his memory, I would just like to get the specific facts laid down here before this committee. We are going to be meeting next week; we should be able to get that information. You know you have at your disposal, we could very quickly resolve this matter of finding out how many private profit-making institutions have refused to meet the regulations of the Manitoba Health Services Act and provide audited financial statements; we could know their size and we could then get an idea of the problem. It is a problem that you raised, we appreciate it and would like to deal with it, so can we get a commitment from you, or maybe I have to ask this of the Minister of Finance who as well is interested in this topic, that we get a list of those private institutions that have not furnished the Government with audited Financial Statements, with an indication as to their size.

MR. RANSOM: Mr. Chairman, I think we should do our best to clear up the misunderstanding that seems to exist, or perhaps misunderstanding is not the right word, but we seem to lack some information in arriving at the proper assessment of the facts. I would like to ask a couple of questions of Mr. Ziprick.

MR. PARASIUK: I thought you were answering a question that I raised, I'm just trying to find out if we can get that information. I've not got a commitment from either the Auditor or the Minister of Finance as to whether we'll get that information which is easily available to the Auditor, whether we'll get that for our next meeting of the Public Accounts Committee.

MR. CHAIRMAN: I had thought so too that is why I recognized Mr. Ransom.

MR. RANSOM: Mr. Chairman, I said that I thought it was advisable to get as many facts as we could. I

don't have that information at my disposal so I'm not in a position to make a firm commitment that we'll have it.

MR. ZIPRICK: I don't have that information in my office but it's available in the Department or in the Health Services Commission so it can be obtained fairly easily.

MR. PARASIUK: Well, when we get pieces of information from you regarding Bonar-Bemis, I don't believe that you have that in your files as well.

MR. ZIPRICK: That information wasn't obtained from me, that information was supplied by the Department of Finance from their records.

MR. PARASIUK: If we get indications from you, or from the Department of Finance, as to how much money, over \$1 million was lost by the people of Manitoba through the Government cancelling a number of projects; that was lost in specific instances for management and architectural fees for senior citizens housing that didn't proceed. We get that type of detailed information, not from you then but from the Minister of Finance. So, then I guess my question is to the Minister of Finance, can he, since he's provided other pieces of detailed information since he himself is interested in the facts regarding this matter, will he undertake to provide us at the next meeting with a list of all those private profit-making institution in the Personal Home Care field who have not provided financial statements, indicating their size as well?

MR. RANSOM: Mr. Chairman, I'm quite prepared to discuss with the Minister involved whether this has been practice, if there is any reason why they can't be made available. I'm generally of the opinion they should be, but I'm not knowledgeable enough to know whether there is some reason why they can't be made available, why they shouldn't be.

MR. CHAIRMAN: Are there any further questions on page 33? Mr. Ransom.

MR. RANSOM: I just wanted to clear up a couple of things.

Is Mr. Ziprick concerned that money is being improperly spent because we have not received audited financial statements from all the proprietary care homes.

MR. ZIPRICK: Mr. Chairman, on the basis of the procedures that were laid down and have been carried out over a number of years and the inspections that are being carried out by the department, we're satisfied that these payments are in order, because the financial statements are a secondary means of confirmation.

Now financial statements should be made available to control this, it's a control mechanism, but they are not the primary base behind approval of payments.

MR. RANSOM: You are satisfied that money is not now being improperly spent and has not been improperly spent over the past eight years.

MR. ZIPRICK: The payments that are being made in accordance with rates as laid down by law to these

institutions and they are paid per diem for the number of patients on the basis of those rates and the rates were established by an evaluation process that's been laid down and carried out.

MR. RANSOM: Thank you.

MR. CHAIRMAN: Mr. Parasiuk:

MR. PARASIUK: Mr. Ziprick, if you say you're satisfied that the rates, in fact, are being paid on a per diem basis, you're satisfied that there has been no misexpenditure of funds. I raised a point before with you. I said if you couldn't get audited financial statements, could you verify that no funds that were paid by the government of Manitoba, on behalf of the people of Manitoba, to a private profit-making institution, couldn't have been used to pay for the overhead of that company, with respect to some of its other activities; or that if one of these companies also had a restaurant and charged laundry as an item, that possibly was laundering its restaurant linen in the nursing home laundry, could you ascertain that? Could you verify that if you don't have audited financial statements?

MR. ZIPRICK: This is not the kind of system that's in force right now. The kind of system that's in force for these private homes is a rate established to pay for services provided. So that the moment that a person spends a certain number of days in the institution they are entitled to get paid on the basis of the rate that's established.

The department follows an inspection system to ensure that the quality of service is satisfactory and so this is the system that's employed now. The financial statement is a backup information to indicate as further evidence that the quality of service has been provided. I see that it's an important element, but it's certainly not the primary element; the primary element now is that the rates are set, properly approved, and then when the service has been provided and there's certification and evidence that the service is provided, that a person has stayed in that home for that number of days, then multiplying the rate by the number of days — that's what they're entitled to get paid. I'm satisfied that all this has been complied with; the quality of control is being carried out by the Health Services Commission.

There is this added feature of control that was placed in the regulations; it's now not being complied with; some of the larger ones should be complied with and it would strengthen the position. But I can't say that it's a primary requirement for payment.

MR. PARASIUK: We're not talking about payment; we're talking about the use of funds. I have in fact gone through non-profit nursing homes and private profit-making nursing homes, I went through one in Selkirk last year. The context very quickly was that a hospital had applied to build a non-profit nursing home and had been approved by the previous administration; this government came in and cancelled that and gave approval, instead, to a private profit-making institution that was nearby.

I went through that private profit-making institution; I saw up to eight people in one room. I

went into their recreation area, which was a basement that had linoleum on it. These are old people, that's where they went in the winter for recreation. Seemed somewhat cold. The complaint of these private profit-making entrepreneurs was that they didn't get enough money to re-invest in that home to make it better; to at least lay down a floor, a false floor over the cement floor so these old people didn't have to walk on a concrete floor in wintertime.

MR. CHAIRMAN: Mr. McGill on a point of order.

MR. MCGILL: I wonder if this debate shouldn't better be carried out under the estimates of the department. I think we're straying now into areas of policy and of matters that do not relate directly to the question before the committee. I ask you to rule on that.

MR. CHAIRMAN: Mr. Parasiuk on the same point of order.

MR. PARASIUK: On that point of order, Mr. Chairman, I have sat here when Bob Wilson has talked about leaking faucets, over and over again, and I'm pretty sure the Member for Brandon West has sat in here and I'm never heard him raise that type of a point of order.

Now we're talking about a point that was raised by the Auditor. The Auditor never raised things about faucets that Bob Wilson raised; he raised those points himself.

I am responding to a point raised by the Auditor in his Auditor's Report. The Auditor has said that as long as payment is made according to regulations, that he is not as concerned with exactly how that money is spent by the institution, because that is determined by your audited financial statements; that would determine how that money is spent.

I'm pursuing this line of questioning because these private profit-making institutions have said they have not been able to re-invest any of their profit back into the plant that they have; that what they need is government approval to build new facilities which entail an extra expenditure of \$1.3 million by the government and by the people of Manitoba; so I think it is a fairly important point and that's why I'm pursuing it.

MR. CHAIRMAN: Order please. I think there's an understanding on the committee that we would recess for lunch a little early today, at 12 o'clock, so perhaps this would be a convenient time for us to adjourn and return at 2 o'clock.

If that is the agreement of the committee, the committee will stand adjourned until 2 o'clock.