Recommendation No. 11 on page 6 of the report says this:

> The Unemployment Insurance Commission should be reimbursed by the government on a monthly basis for all expenditures to be borne by the government. Such reimbursements should be recorded as budgetary expenditures of the period to which they pertain thus deleting non interest-bearing advances from the Statement of Assets and Liabilities.

Again that is a fairly simple observation, but what the government found it convenient to do over all these years was record the amount to be paid out on the excess expenditures on unemployment insurance as assets, and then after the fiscal year end they would be paid over to the fund and recorded as an expenditure. In other words, it was an understatement of the expenditures of the fiscal year just ended and an overstatement of the assets in the Statement of Assets and Liabilities of Canada as at the end of that fiscal period.

● (2030)

Recommendation No. 12 says this:

> Consistent with the definition of assets and liabilities previously recommended, the following should be deleted from the Statement of Assets and Liabilities:
>
> —working capital advances and revolving funds except for those primarily used to record financial claims on organizations and individuals outside the Government of Canada;
>
> —undisturbed balances of appropriations to special accounts; and
>
> —deferred loan amortization costs and premiums.

The minister has made reference to that very matter in his remarks. I am glad to see that the Government of Canada is finally facing up to the accounting and business actualities and will now record things as they really are. The lament is that it took five years after the report was made for the present government to get around to doing anything. As I say, I doubt very much that this government would have been acting on it this soon if it had not been for the pressure brought by the introduction of Bill C-13 by the previous government.

The recommendations of the study were not the only source of ideas telling the government that it should now act and correct things. The Standing Committee on Public Accounts as long ago as 1976, after having reviewed the study, told the House of Commons in its report:

> After careful examination of the study and having been assured by the Auditor General that the measures being proposed are sound and in accordance with current accounting standards and principles, your committee hereby endorses the 41 recommendations contained in the Study of the Accounts of Canada.
>
> Your committee therefore recommends that the Treasury Board should implement these recommendations as soon as it is technically possible to do so.

I do not think that it would take four years before it would be technically possible to put these recommendations into effect. I have read three of the recommendations from the study, and I think that it is significant that there are actually 41 such recommendations. The fact that nothing happened as a result of those 41 recommendations as far as this bill is concerned, is also significant.

We had in the meantime other recommendations in connection with the form and content of estimates, because members of the House, particularly those with some business experience or accounting knowledge—knowledge which we badly need in this House—would try to compare the estimates as they were prepared with the Public Accounts produced at the end of the fiscal year. As is still largely the case, there was no comparison possible between the projected expenditures and the actual presentation of the expenditures which is made after the fact. The debate went on, and in 1978 the public accounts committee was again moved to observe, after reviewing the reservations of the Auditor General on the 1978 Public Accounts:

> Your committee again recommends that legislative action be taken as soon as possible to delete from the Accounts of Canada the assets and liabilities identified in Notes 5 and 7 to the audited financial statements and to prevent similar balances from recurring in future years.

Notes 5 and 7 in the Public Accounts in 1978 should also be quoted for the benefit of the House. Note 5 to the audited financial statements of the Government of Canada on page 21 of the Public Accounts reads:

> The loans described below are likely to require parliamentary appropriations for write-off in subsequent years; until such appropriations are obtained, the assets are overstated by the following amounts:

I do not think I need to go into the details, but the total of the amounts in that note of the financial statements is $384 million. I think all of them have been dealt with by the President of the Treasury Board tonight, but again I would make the point that this is 1980, not 1976, 1977 or 1978.

Note 7 in the 1978 financial statement had this to say:

> Certain accounts reported as assets and liabilities do not meet the definitions stated in—

—the notes, the definition of which I read earlier. Note 7 goes on:

> However these accounts will continue to be reported on the Statement of Assets and Liabilities until such time as parliamentary authority is obtained to delete them.
>
> Accounts internal to the government reported as assets, represented deferred expenditures chargeable to subsequent years, in accordance with legislation, regulations or established practice. Those reported as liabilities represent spending authority carried forward to future years.
>
> The balance of these accounts in the Statement of Assets and Liabilities as at March 31—

That is March 31, 1978. Note 7 goes on:

> —have the effect of overstating the assets and liabilities by the following amounts:

Again, to avoid the detail, the total overstatement of assets is $3,097 million, over $3 billion, whereas the overstatement of liabilities is a mere $52 million. Those are notes to the financial statements contained in the Public Accounts of Canada. The House would probably be interested to know what the Auditor General had to say on the financial statements of the Government of Canada. In giving his opinion on the financial statements of the Government of Canada for the fiscal year 1977-78, the Auditor General stated:

> I have the following reservations concerning certain of the stated accounting policies of the Government of Canada which, in my opinion, affect the fairness of the information presented in the financial statements. I have commented on the matters described in these reservations in previous Reports to the House of Commons.

The Auditor General was saying back in 1978 that this was not the first time he had mentioned these reservations. He went on to say: