

*Closing Expo 1967 Corporation*

certain expenditures and practices of the Corporation which, in our opinion, were inconsistent with those usually followed by Crown corporations and agencies. We mentioned that these matters had been drawn to the attention of the Corporation's management and Board of Directors who advised the joint auditors that the expenditures in question were necessary to the Corporation. The practices were continued in 1967. A number of other matters arising from the 1967 examination have been dealt with in the joint auditors' detailed report to the President and Members of the Board of Directors, and three of these are referred to in the following paragraphs of this report:

67. Salaries and termination payments.

69. Loss on operation of rented apartment building.

71. Cost of repairs to sanitary sewer system.

Certain revenues of the Corporation aggregating \$101,438,000 of the total of \$140,984,000 could not be effectively checked by the joint auditors and their report was qualified accordingly. This matter is dealt with in paragraph 65 of this report.

Then at page 186, the Auditor General's report reads:

Following the close of the Exhibition all of the capital assets, with the exception of minor items which were demolished or sold and the mass transit system which has since been sold to the city of Montreal for \$1,880,000, were transferred to the ownership of Canada, Quebec and Montreal, which ever owned the land on which they were situated. Details are given in paragraph 66 of this report.

In paragraph 226 of our 1967 report we pointed out that a number of procedures followed in connection with capital construction projects had the effect of materially weakening financial control. These included amending contracts subsequent to the work having been completed in whole or in part without prior ascertainment of the additional costs involved, making a substantial number of progress payments to contractors without complete verification, and renegotiating bid prices with the lowest tenderer for modified programs without the benefit of competitive bidding. These procedures were continued throughout 1967.

**Mr. Pepin:** May I rise on a point of order, Mr. Speaker. I just want to observe that these points were raised at the committee stage, after second reading. I wonder what the purpose of third reading is—

**Mr. Harkness:** This is not third reading.

**Mr. Pepin:** —if we are to discuss over again what was dealt with in committee. This is more question than an observation.

**Mr. Harkness:** On that point of order, Mr. Speaker, may I point out that this is not third reading. This is the report stage.

**The Acting Speaker (Mr. Béchard):** The hon. member for Kootenay West.

**Mr. Harding:** Mr. Speaker, I do not think the minister's point is well taken. Not all the

members of the House were on the committee. I think these points should be explained, so the members who did not have the opportunity to attend the committee meetings will clearly understand that warnings had been continuously given to the government and requests for action had been made. I contend that this is very pertinent to the debate currently taking place. I quote again from page 187 of the Auditor General's report:

A request by the joint auditors for confirmation of the correctness of the amounts due by Canada, Quebec and Montreal as their share of the cost of the Exhibition was not replied to by the City of Montreal (see paragraph 66 of this report).

At page 188, the Auditor General said:

In previous reports (paragraph 67 in 1967) we pointed out that, since the major portion of the cost of the Exhibition was being financed by loans from Canada and because of the existing limitation on grants, changes in legislation would be required before the additional substantial grants could be made to provide the Corporation with the necessary resources to pay its indebtedness. The Public Accounts Committee discussed this matter with officers of the Department of Finance on June 16, 1966 and in its Seventh Report 1966-67 expressed its concurrence with our view and recommended that amendments to the existing legislation be placed before Parliament and the Legislature of Quebec so that additional grants could be made by the parties concerned, namely Canada, Quebec and Montreal.

Then, we see on page 32 of the Auditor General's report the following:

In their annual report to the President and members of the Board of the Canadian Corporation for the 1967 World Exhibition over the past five years, the Provincial Auditor of Quebec and the Auditor General of Canada, joint auditors of the Corporation, have stressed the importance of the Corporation establishing and maintaining an adequate system of internal financial control.

Prior to the opening of the Exhibition, the Auditors drew to the Corporation's attention certain aspects of internal financial control that required improvement and certain important decisions that had to be taken before the opening of the Exhibition with respect to the procedures to be followed during the Exhibition for the handling of substantial amounts of cash and the recording of revenues from admission passports, tickets, parking fees and other sources. However, action taken was not adequate and serious breakdowns developed in the control of on-site revenues shortly after the Exhibition opened on April 28, 1967. Furthermore, the remedial action eventually taken did not correct all major weaknesses and the joint auditors were unable to express an opinion as to the correctness of revenues aggregating \$101,438,000 of a total of \$140,894,000. This situation was communicated by the auditors to the Minister of Trade and Commerce on July 30, 1968 and to the Minister of Industry and Commerce of the province of Quebec on July 31, 1968.

The most recent annual report of the Corporation, including the report of the joint auditors, was