

very valuable Dresden china which has fallen down and broken into a million pieces, the question we must ask ourselves is: Are we going to attempt to pick up the pieces, or sweep them under the rug? We cannot sweep them under the rug. We have to bring this to the attention of all concerned, particularly the taxpayer, the individual who has to pay the shot.

• (8:20 p.m.)

As a matter of fact, this show cost Canadians about \$142.9 million. When you subtract the \$20 million grant that the federal government gave, it leaves \$122.9 million as the cost. However, taking the full amount of about \$142 million it represents approximately \$6.50 for every man, woman and child in Canada. A married man with three children will pay \$32.50 as his family's share for Expo, and he will want to know why.

An hon. Member: It is his share of the gravy train.

Mr. Hales: Many explanations have been given in this House as to why he is being charged \$32.50, most of it due to great extravagance, waste and carelessness. This is the way in which the money voted by this House and entrusted to the corporation was spent. Had we known at the time what we have since learned from the witnesses in committee, I am pretty sure this money would never have been granted.

The joint auditors made six reports during Expo. The first one had some qualifications, and the last thing an auditor likes to do is make any qualification when auditing a statement. However, they qualified it by informing us of the default on notes to the order of \$183,900,000. The second qualification was this: "We were unable to check revenues to the order of \$101,438,000." Then the third qualification: "We had to report that the banking arrangements, in our joint view, were not in order."

When questioning witnesses in committee about this latter qualification we were told that a legal opinion had assured them that the bill was poorly drafted and left the way open to them to go ahead and do what they liked in regard to banking. The committee report No. 5 continues:

Fourthly, as to the over-all plan, the deficit was restricted to \$210,665,000 by the Lieutenant-Governor in Council, and the accounts we were certifying

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showed a deficit of \$273,539,000. Our fifth qualification was that the city of Montreal had not confirmed the correctness of its share of the deficit.

If this had been known to members on all sides of this House I think a great deal more attention would have been paid to the direction in which Expo '67 was drifting, so far as the financial operations were concerned. The joint auditors stated in the committee:

On May 19, 1967, our attention was drawn to serious breakdowns that had occurred in the handling of cash receipts and revenues. Two months later—

Imagine, Mr. Speaker, two months later!

—the corporation itself established, or had established for it, the following points:

Can you imagine any man in business knowing that the tills at the check-out desks of his supermarket were not accounting for all the money? Do you think he would wait two months before looking into the matter to see what was going on? The corporation waited two months and then were told the following by consultants:

1. that ineffectual control was in fact being exercised over the delivery and returns of floats to and from the clearing houses on site;

A "float" is the apparatus that took the money from where it was collected to where it was accounted for and deposited.

2. that there were no integrated accounting records to ensure that cash passing from one operation arrived at the next;

Some of it might have been lost, in transit according to this.

3. that revenue distribution reports were inaccurate to the point that they were misleading;

4. that independent checks were either nonexistent or ineffective;

5. that ticket control records were not tied in with the cash or float preparation records; and

6. that procedures differed from shift to shift and procedural changes were not communicated to all concerned.

These points were communicated to the corporation two months after the joint auditors first told them that things were not right. Some of them were corrected but the auditors state: "In fact, we refrained from making any spot checks at that time." If anything, I would accuse the auditors of failing to make spot checks. I think they should have; there was no reason why they should have waited before making them. The report continues:

We deferred it until later. It took remedial action, but this did not correct all of the major weaknesses. I will list the ones it did not correct and which we found in the course of our work.