

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

Chairperson
Mr. Jack Reimer
Constituency of Southdale

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Eighth Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

Friday, December 5, 2003

TIME – 10 a.m.

Museum of the University of Winnipeg
dated June 2002

LOCATION – Winnipeg, Manitoba

Auditor General's Report: Investigation of
the Rural Municipality of St. Clements and
Review of Municipal Financial Accounting
and Reporting Standards in Manitoba dated
September 2002

**CHAIRPERSON – Mr. Jack Reimer (South-
dale)**

**VICE-CHAIRPERSON – Mr. Jim Maloway
(Elmwood)**

Provincial Auditor's Report: An Examina-
tion of School Board Governance in Mani-
toba, October 2000

ATTENDANCE - 11 – QUORUM - 6

* * *

Members of the Committee present:

Honourable Messrs. Gerrard, Selinger

Messrs. Aglugub, Loewen, Maloway,
Martindale, Mrs. Mitchelson, Ms. Oswald,
Messrs. Reimer, Santos, Mrs. Taillieu

APPEARING:

Mr. Jon Singleton, Auditor General, Pro-
vince of Manitoba

Mr. Chairperson: Good morning. Will the
Standing Committee on Public Accounts please
come to order. On November 28, 2003, letters
were sent to committee members requesting sub-
missions for agenda items or questions requiring
detailed answers. As we did not receive any
agenda items or questions for this meeting, we
will be considering reports already referred to
this committee.

The reports for your consideration today are
listed on the committee summary sheet, copies
of which have been provided for you on the
table.

MATTERS UNDER CONSIDERATION:

Annual Report of the Operations of the
Office of the Auditor General – year ending
March 31, 2002

Provincial Auditor's Report: Value-for-
Money Audits dated December 2002

Auditor General's Report: Performance Re-
porting in Annual Reports: Current Practices
among Crown Entities dated December
2002

Auditor General's Report: Investigation of
Missing Artifacts at the Anthropology

Before we get started, are there any sugges-
tions from the committee as to how long we
should be sitting?

Mr. Jim Maloway (Elmwood): Mr. Chairman,
I would suggest we sit until eleven o'clock and
review it at that time. *[Agreed]*

Mr. Chairperson: Are there any suggestions
regarding the order in which we consider these
reports?

Mr. Maloway: Mr. Chairman, I would suggest
we just follow the list.

Mr. Chairperson: Okay. Before we get into the reports, Mr. Minister has a few words.

Hon. Greg Selinger (Minister of Finance): At the last meeting, the Member for Fort Whyte (Mr. Loewen) asked me to table a letter. I now have a copy of that letter with the date on it, and I wanted to make that available to him. I have some additional copies, and I will give one to you, just for the record.

So, I have done the letter. The other thing that was asked of me last time was with respect to the whole review of adult learning centres, how many are still operating, and asked each to be named, and what school division they belong to, and whether they are for-profit or not-for-profit. First of all, there are no for-profit ALCs operating now. Since the 2001-2002 year, four for-profit organizations have not been eligible for adult learning centre funding. For the members, I have a list of all the adult learning centres, the school division and the amounts they have received to distribute as requested.

Just for the information of the members, there are 48 ALCs, adult learning centres, funded in '03-04. In some cases, the centres are operated directly by the school division. In other cases, the centre is a partnership between the school division and a not-for-profit organization. There are also a number of centres that are operated by or in partnership with colleges or funded independent schools. This is also reflected in the table, so the table should identify all of those points I have just made.

I will move along and if there are any follow-up questions, I will take them as I can.

There was a question about the legality of some of the money that was given to the Agassiz School Division being used not for an adult learning centre but to support another program in the division; I think it was a school-based program. The answer on that one is that in '00-01, in that year, the funding for the adult learning centres was provided through the Schools Finance Program. Appropriations for the Schools Finance Program were, technically, in 16-5d-1, and the funding for the school division and the adult learners was in the same appropriation. So, at the time, they could use the

money for that purpose legally, because it was in the same appropriation.

That was subsequently changed in '01-02. Funding for adult learning centres was transferred to the Community Learning and Youth Programs appropriation, which is numbered 16-6(c)-3. That is all read into the record now if members want to go back and reference all of that material.

Then the question is: Were there any other cases involving a redirection of funding that ended up going to fund school divisions like the redirection of funding in the Agassiz School Division? The short answer is no.

Another question that was asked: Were there any for-profit ALCs funded in '01-02? The answer is no.

Then the Member for Fort Whyte asked: There was a \$600,000 grant made to HOPE in '01-02, what was it for? Was it still a for-profit at the time? The answer is that in '01-02 adult learning and literacy provided HOPE with an ALC grant in the amount of \$625,000. HOPE had reincorporated as a not-for-profit in order to qualify for the grant. Adult learning and literacy verified with the Manitoba Companies Office on August 20, '01, that HOPE was registered as a not-for-profit corporation.

Subsequent to the release of the Auditor General's report, Mr. Chair, on the Morris-Macdonald School Division in October of '01, that would be two months later, the minister directed that HOPE be removed from involvement in ALC operations. The adult literacy and learning secured the support of the Winnipeg School Division to assume the operation of the HOPE ALC sites as of January 1, 2002.

Of the original \$625,000, \$250,000 was paid out to HOPE. The balance of the grant was redirected to the Winnipeg School Division. A final accounting of the \$250,000 paid out to HOPE was signed off by the department on May 14, '03.

We had another question: Have we heard anything from the RCMP? The answer is the RCMP investigation remains current. We may expect a conclusion in the new year.

There was another question: Is Mr. Orlikow still operating ALCs? The answer is, no, Orlikow has not had any involvement in ALCs since December 31, 2001.

That is information. There are still a couple of questions here that we have answers pending. When I get it, I will provide it.

That is all I had to report back from the last meeting.

Mr. Chairperson: Before we open up the meeting, were there any other opening comments the minister had? Any comments from the member for the Official Opposition? Any comment, Mr. Loewen?

Mr. John Loewen (Fort Whyte): I thank the minister for those answers. I think he is aware that some of the critics could not be here who want to deal with some of the issues that have been answered there. We will hold that report over for another meeting, but I would request that he, if possible, get the other answers back to us even before the meeting. We will review Hansard and take a look at those answers, as well, and, I guess, notify him if there is any other outstanding issues that we are aware of.

Mr. Chairperson: Are there any opening comments that the Auditor General would like to mention to the committee?

The floor is now open for questions. Shall the Provincial Auditor's Report on Compliance and Special Audits for the fiscal year ending March 31, 2001, pass?

*(10:10)

Mr. Loewen: Mr. Chairman, I suggest that we also hold this report over for the next meeting. There are a couple of education issues that our critic wanted to address but, unfortunately, could not be here today. We will not take long at the next meeting.

Mr. Chairperson: Shall the Annual Report of the Operations of the Office of the Auditor General for the fiscal year ending March 31, 2002, pass?

Some Honourable Members: Pass.

Mr. Chairperson: Accordingly passed. Oh, pardon me.

Mr. Loewen: Mr. Chair, I just open the floor up to the Auditor General if he has any comments on this report or any issues that he would wish to go over with the committee regarding this report. I realize it is somewhat dated.

Mr. Jon Singleton (Auditor General of Manitoba): Mr. Chair, I will not take a lot of time talking about this, because it is dated, and our 2003 report is already available for the future meeting of the committee. I would just say that we are attempting to continually do a better job of reporting on performance indicators on our office. We are actually working with other legislative offices across the country to develop a set of common criteria that we would all report on to our respective Public Accounts committees on how well our office is doing. It is, certainly, not what I would consider to be perfect yet, but we hope to make improvements in each report as we go forward.

Mr. Chairperson: Shall the report pass?

Some Honourable Members: Pass.

Mr. Chairperson: Accordingly passed. Shall the Provincial Auditor's Report: Value-for-Money Audits dated December 2000—pardon me—on this previous one.

Shall the Provincial Auditor's Report Value-for-Money Audits dated December 2002, pass?

Hon. Jon Gerrard (River Heights): A couple of questions for Mr. Singleton on the value-for-money audits. The first, Mr. Chair, is a general question about value-for-money audits, which, clearly, when the provincial government is the steward or the trust holder of a whole lot of valuable assets within the province, it becomes very important to have value-for-money audits to know that things are being cared for properly and that the Province is getting their value for its money.

One of the areas where the Province is a steward is in terms of natural resources like, for example, fisheries. I would just ask the question in terms of the sustainability of the fisheries. It

would be appropriate to ask in a value-for-money audit whether the fishery was being managed so that the citizens of Manitoba and the Province were getting value for money.

Mr. Singleton: Yes. I would think that a value-for-money could meaningfully be done on the management of fish stocks or other natural resources for that matter by the provincial civil service.

Mr. Gerrard: That was the general question.

I want to ask a question on the public housing program. This was the subject of the first review in the Housing and Renewal Corporation. My question deals with the governance of a corporation and whether you have any comments about the nature and the appropriateness of the governance of the corporation.

Mr. Singleton: Mr. Chair, this report in itself does not contain any analysis or recommendations related to the governance of the program, so I hesitate to make any comments one way or the other on the governance at this time. I can advise the committee that we are currently doing another project in looking at Manitoba Housing authorities from a somewhat different perspective and the issue of governance may very well be addressed in that report when we are completed.

Mr. Gerrard: Specifically, in terms of, for example, the Manitoba Housing and Renewal Corporation, I would be interested in the Auditor General's perspective on how to ensure, for example, that there is appropriate expertise but that there are not conflicts of interest on, for example, appointments to the board.

Mr. Singleton: I guess I could make some general comments along those lines. I think it is important for every board of every organization to have a conflict-of-interest policy in place for itself that it regularly communicates to the members of the board. Then each member of the board, typically under a policy such as that, should evaluate their own circumstances in general, and, with respect to specific decisions that are being made, ensure that they personally follow the requirements of their conflict-of-interest policy.

In terms of expertise, typically that is a responsibility of senior management, the CEO or the president of an organization, to ensure that the staff carrying out functions has the appropriate expertise. I guess I would see it as a key role of the board normally, to make sure that president, CEO, general manager or whatever the title of the chief administrative officer is, in fact, has the appropriate skills to monitor the activities of that individual, to do regular performance appraisals on them and make sure that the business plan and strategic plan of the organization includes matching expertise and resources to the needs of the organization. But, since we have not looked at this particular organization in detail, I cannot make much more than general comments of that nature.

Mr. Gerrard: The reason that I brought up the question of expertise is, it would seem to me that in dealing with a board such as the Manitoba Housing and Renewal Corporation it would be important that you have people who have some understanding of housing issues and are able to provide reasonable oversight because there is some background or understanding of the issues being dealt with. Perhaps not every board member has to be, as it were, intimately familiar, but surely in terms of having people who are going to be doing an effective job, it would seem to me that there has to be some sort of knowledge or expertise or criteria. What would your comments be?

Mr. Singleton: Yes, in terms of the governance guidelines that we have established in our office for Crown corporations and Crown organizations. For boards to look at the expertise that is on them is a very important factor. Each board typically has different needs along those lines, and certainly having some people who have pretty in-depth knowledge of the nature of the business that they are on the board serving for is important. Other skills may also be important such as accounting skills, legal skills or actuarial skills. It depends on the nature of the organization. For the housing corporation it would certainly seem to be appropriate to have some board members with a good knowledge of the housing business.

Mr. Gerrard: In this case, where we have individuals who may be stewards of the public trust, whether on this board or another appointed

organization which has stewardship responsibility, where there are provincial appointees, one of the issues that has come up is, to the extent to which the background, is it worthy of brief curriculum vitae of individuals who are appointed, should be made publicly available. I wonder if you would comment on that.

* (10:20)

Mr. Singleton: Talking generally, I will make a couple of comments. One piece of advice that we have been giving to boards is that they should themselves periodically assess the nature of the skills that they need to feel that they can function effectively, and then assess whether they in fact have all those skills represented amongst the members of their board.

Where they determine that there are shortcomings in the case of boards which are appointed by government or by Order-in-Council, I believe it is incumbent on the Chair to advise the minister responsible of the missing skills that they feel that they have on their board so that a process can be put in place to try to identify an appropriate person who could meet those skills.

In terms of making the brief CVs available on the members of the board, I mean, other than thinking about privacy issues, it seems to me that being open and transparent about that would probably be a meritorious thing to do.

Mr. Loewen: With regard to this report and particularly with the public housing program, again we have a report with 40 recommendations, some of which have agreed to be followed up, some of which the management gives explanations as to why their view may differ from the findings in the report.

Once again I would ask the Auditor General if he could either update us on progress that has been made or give us some indication as to how he would like to see these reports followed through in terms of the recommendations, because, I mean, obviously, while the report is fairly dated, there are some important recommendations here that I think this committee needs to know were either followed through on, or, failing that, the reasons why they were not followed through on.

Mr. Singleton: Well, I guess I might start by harking back to the decision this committee has taken to ask the House leaders to meet with the Chair and the Vice-Chair of the committee to develop a process for implementing a number of the new rules for the committee. I am sure, amongst those would be a consideration of setting up a protocol for inviting senior administrative officials and whoever they think might be appropriate to respond to questions of the committee to come to meetings of a committee like this so that all members would have an opportunity to pose questions to them.

Part of that direction, not direction, part of the invitation to them to attend could encompass asking them to bring a status report, which could be provided to members at the same time. The benefit of that, Mr. Chair, I think, would be, as you mentioned, that there is not, necessarily, 100% agreement between the administrators of the program and us, as to all their recommendations.

The committee might like to understand those different points of view and, perhaps, form its own point of view on that. Now that the rules provide that the committee can provide a fairly detailed report to the Legislative Assembly, I would suggest that the committee might want to form its own opinion as to whether they agree with our recommendations or not, and then advise the Legislative Assembly on their position.

It is my understanding of the rules that once that was done that would become a recommendation of the Public Accounts Committee, which the rules then provide for the committee to be able to follow up on a regular basis as it sees fit with the organization that is responsible for implementing our recommendations.

Mr. Loewen: I appreciate that response. I guess, just for clarification, it is my understanding that once this report is filed, basically, there is no more interaction between the departments or their programs and the Auditor General's office with regard to recommendations and the follow-through of recommendations.

Is there any other process that we are not aware of at the committee that would, you know, see that your recommendations are followed or

else that a subsequent report is filed indicating which recommendations were not followed and why?

Mr. Singleton: Well, you are right in that. You are correct in your assessment that we of course cannot stay present in every organization that we audited on a continual basis to see how things are moving along on our recommendations, but we do have a regular process of following up on recommendations. We aim to do it within about three years of when our report comes out to give management time to, hopefully, make a lot of progress on the recommendations. Sometimes we are a little longer than the three years but we try to stay as close as we can to that in terms of the time frame for following up. We put that into a report which is then filed with the committee as well.

Mr. Selinger: The member from Fort Whyte asks what the follow-up is on the recommendations. I did get an update on that. I can give him detailed information if he wishes. It is not available for distribution. I do have a report on every recommendation, what the response was and what the follow-up has been that I am prepared to provide him if he wants to ask any specific one.

In addition, if he wants me to try to go back to the department and get them to sort of summarize it into a report, I would be willing to do that. They provided me with a copy of all the reactions. If you want that to be provided later on in a written form, I would be willing to do that as well.

I have just been reviewing it here. They have responded to all of the recommendations in one way, shape or form. Many of the key ones, they have put specific follow-up actions in place.

Mr. Loewen: Mr. Chair, I appreciate that from the minister. I would like to see that. I think my feeling is that we need to give more feedback to the total committee in terms of the recommendations so that they can be discussed at further meetings. I have some hesitancy. We do not want to sit here and hold up reports year after year after year. On the other hand, to just pass the report without having any understanding throughout the whole committee of where the

recommendations have gone, what has been done, I think really does not serve any value to the public or to the committee either.

I appreciate that the House leaders, I believe, are going to discuss the issue of witnesses and try to work out some process. From my perspective, the best solution would be to have the appropriate departments and staff available to the committee when we are reviewing the reports. Hopefully, the House leaders will be able to bring some resolution to that.

In the meantime, I think that for the benefit of the committee, we should have the responses in writing from the department when we deal with the reports. At that point, I think we could make a decision whether to pass the reports or not, on the understanding that I guess if there are outstanding recommendations we would have them in writing and be able to bring that back to the committee at some future point to get further clarification and at the same time instruct the Auditor General's office if there are recommendations that we as a committee do not feel have been followed through, to maybe go back into the department and take another look at the situation or where they maybe disagree with the department and review it again. It just seems in terms of process, if we are to bring the committee's work into the current century, maybe we should be considering some type of process like that.

I will look to the Chair. I am not sure whether we need a motion for that to happen or whether we just get the reports from the minister when they are available and deal with them at the time. I think that is an issue, maybe not an issue for today, but at some point we need to bring some resolution to that too before we proceed. Otherwise, we will simply back up reports year after year after year without the knowledge of what has transpired as a result of the recommendations.

* (10:30)

Mr. Selinger: A couple of things, one, the Auditor General's office does a report. They provide an opportunity for the entity study to respond. There is a response in the report. There is kind of

a complete cycle there at the time that is done. You can see what the Auditor recommended. You can see how the department responded. I think that in itself is a complete cycle. We can decide whether we want to accept that report as it is.

Then I think you raise a second issue. Not everything is entirely responded to at the time the department files the response. They will say they are looking into or they are revising it. You may wish a follow-up. The Auditor General has indicated that they themselves do spot-checks, in a sense. They go out there and do follow-ups. We can provide that as well. We ask for that information because it is in all of our interests to know whether they followed through on that.

There are two processes. I bring information to the table. If you have a specific question, I will try to answer it. If not, I will take it as notice and get it back to you. If you want something in writing, we will do that as well. In addition, the Chairperson at the first meeting that we were at this week indicated if anybody wants to send questions in advance on a specific thing, they want to know about when they look at a report, we will try and get it and bring it right to the meeting, but we need to have the question in advance. If we can get that, we will go out and beat the bushes and try to get you the information.

It is always a question of how much stuff you bring to the meeting and how much follow-up you want, because we are not clear always of what the interests of the members of the committee are. If we get a clear idea what their interests are we will try to provide the information.

Mr. Singleton: I will just pose one other alternative for committee members to think about in trying to keep issues alive where they would like to themselves arrange for follow-up while not keeping our reports endlessly on the Order Paper or on past. That would be if we looked at the public housing report, for example, we do have a report summary. Given that you might not want to, because of the backlog at the present point in time, go through all of our recommendations on public housing, we have summarized what we think the key recommendations are in there. If it

was the will of the committee, I believe it would be appropriate to introduce a motion to the effect: We would like to indicate that we concur with the recommendations of the Auditor and we would like to report that fact included in our report to the Legislature, including all the recommendations in the report summary between pages 1 and 17.

Then it is my understanding, subject to the Clerk's interpretation, that once you have done that, that becomes a recommendation of the committee. The committee has under its rules the right to follow those up. Even though my report has been passed, now that you have adopted those as your own recommendations as a committee, you have the authority to follow them up periodically as you want.

Mr. Selinger: It could be a question, but it is a comment. I think, whether we pass the reports or not, we can always revisit them. We can always come back on any recommendation and ask information on it at any time. I would not want you to think that if you passed a report that is the end of it.

You pass the report given the responses provided at the time. If you said, for example, on this one we would like to pass the Value-for-Money Audits on these two organizations and we would subsequently like a follow-up from the department or the entity that was studied on what they have done, say, two years down the road in a report, we would go out and try and get that for you.

I understand we do not want to pile up all these reports here and leave them open forever. I think I am agreeing with the Auditor General by saying you can pass a report and ask for a follow-up update on it. You can even put a date on that if you want, some reasonable date that we agree on, and we would try to get information back to you on that.

Mr. Loewen: Does the Clerk want to clarify?

Mr. Chairperson: As a statement, if you recall in our last meeting, there was a discussion similar to this on the table in regard to witnesses and the calling of reports and that. At that time, the recommendation was that the House leaders look into some sort of resolve in that area.

If we keep bringing up new directions at every meeting, the House leaders are going to be looking at different ways every time we come out of this meeting. Originally, the recommendation was that the House leaders look at this process and come back to us. I am suggesting that we should follow that suggestion instead of trying to add on with different types of directions with every meeting. If it is agreeable to the committee, it is in the hands of the House leaders. We have not heard back, or the committee has not heard back, as to any type of resolve on that. From there maybe we can establish different directions for the committee.

Mr. Loewen: I thank the Chair for that clarification and I agree. We do not want to overburden the House leaders too much. I appreciate the minister's comments. I guess my feeling would be that maybe at this time we should put forward a motion as recommended by the Auditor. That will allow us to at least put some formal process around the fact that we have accepted his recommendations and give us the right at any time to go back and ask for an update on those recommendations. Of course, understanding if the minister is already committed to giving us those updates when he receives them, but at least that puts a process in place under the current rules. Then we can just pass the reports off having accepted the recommendations. That would give us an opportunity at some point in the future to revisit them.

Mr. Chairperson: In discussions with the Clerk, the suggestion has been made that the conversations that are being held at the table right now are going into Hansard. The House leaders will become aware of these conversations and the comments made by the Auditor and by the Member for Fort Whyte and the minister in regard to what some of the concerns are. Taking that into account, the House leaders can then use that as a basis of any type of direction or decision they make in regard to the mechanics of how they feel that the Public Accounts meetings should be held. Instead of having it in a formal motion that the Member for Fort Whyte is suggesting, the comments are already in Hansard for the House leaders to peruse and make a decision as to how they would like to proceed, using that as a guideline.

Is that agreeable?

Some Honourable Members: Agree.

* (10:40)

Mr. Loewen: I am trying to think that through for a minute. Once again, the concern I have is, traditionally, when these reports are passed, they are passed and we move on and we do not come back to them. We would like to pass the reports and get them off the agenda, but we would like, at the same time, to make sure that there is in place a formal mechanism to come back because there are some very serious recommendations in this.

We have rules in place. I agree the House leaders need to talk about it and, in particular with regard to the issue of witnesses, because there are some discussions that have to take place. If we are going to proceed with passing the reports, I would like to ensure that there is at least a motion on the table that the recommendations become part of a report to the Legislature. As the Auditor General has indicated, that would give us the opportunity to come back and review some of their recommendations subject to the information we are going to receive from the minister. I do not see why that needs negotiation between House leaders. That is just a matter that in terms of committee process that I think everyone would expect to be there.

Mr. Gerrard: It would seem to me that there may be several where there was some critical need for follow-up, like this one, and that what should be done at this meeting is to rather than pass them, to hold them in a group pending the decision of the House leaders. That will allow us at least to continue with some discussion of the substance of the report to the extent that we want to today, and hopefully it will also push the urgency of the House leaders coming to a resolution, because the reports will be sitting there for the decision of the House leaders.

Mr. Selinger: In an attempt to try and move forward, I think, each report that is provided by the Auditor General is a report that has in place a response from the department that is specifically responsible for the activity of area reviewed. Whether or not we pass it is completely separate

from whether or not we want to follow up later on. Linking the two issues together is not necessary for the advancement of the work of this committee. That is why there is that process back and forth between the department and the Auditor General to get a sort of complete cycle in the first time. They do their work, they get a response.

Then there is the issue of further accountability or further follow-up. That can be done in a variety of ways. We bring material every time in case there are questions. I am prepared to try and answer any specific question that is asked of us. I guess what I am trying to do is figure out a way that we can move these reports forward. I do not think it closes any door for any member of the community that wants further information. I do not see it that way. I do not think anybody else does.

Passing the report or accepting the report of this committee does not mean that the report is forever closed in terms of a point of discussion. That is how I look at it. If people wanted further information later on or wanted to reopen it or ask questions about it, that is up to the will of the committee. I do not have a problem with that.

The House leaders are going to have to discuss these other procedures and other questions that are being raised, but I do not know that we have to have all these reports stacking up while all that is worked out, because that could take quite a while.

Mr. Singleton: I just want to make a comment about this specific report. I am not intervening in the discussion about how the committee wishes to proceed on passing and following up. But I did just want to flag to the committee the fact that it is my opinion that this particular report is probably one of the more important ones that we have written to follow up on. During the course of this audit, it was one of the most difficult ones we have had in working with management to try to get concurrence on our recommendations. There were many recommendations they did not agree with. All I am doing is signaling that the committee is right to be concerned that things are in fact moving forward on the issues we have raised by whatever process the committee decides to do that.

Mr. Conrad Santos (Wellington): As a general principle, it is better that there should be an end to any kind of proceeding. Even court cases have ends. But no matter how long the case has been decided there are irregularities. It can always be brought up.

Otherwise, there would be no end to what we are doing. It will be a cycle, recycling itself, a loop within a loop, and we could arrive at no end. If you block the flow up a river, the water will just build up and build up. All the reports in the past will be accumulated here, and what are we going to do with them?

After all, this is a post-mortem thing. This is not a pre-ordered thing. The money has already been spent, things have been done, and we still talk about it, wasting our time. We should look forward rather than backward. Thank you.

Mr. Loewen: I disagree with the member's comments almost entirely. I mean, the whole purpose of this committee is to take the recommendations from the Auditor General, Mr. Chair, look at what responses are given by staff, what actions are taken by staff and decide whether that is appropriate action or whether further follow-up needs to take place. Certainly, I do appreciate the minister's comments. I would just, for his appreciation, hope that he understands, for a minority member on the committee, when he indicates that we can come back and look at the recommendation if it is the will of the committee, if it is a matter of process that any member on the committee can come back and ask for a follow-up on a recommendation, because we have different critics who look at things differently, and government looks at things differently.

I think, as the Auditor General has pointed out, there are some very important issues here that, while we do not want to hold up the report, we just do not know. The department is looking at some of these issues for the first time. The recommendations have come for the first time. I would assume there has probably been, maybe, a substantial change in how the department views some of the recommendations today as opposed to when the audit itself was done just over the course of their experience.

What I am really looking for is a commitment, I guess. I will take the minister's word at

face value if he can give us that commitment, that in the future, when this committee meets again, we will have the opportunity to open up these recommendations and get further response. At the same time, I would recommend that we put a time frame perhaps on the House leaders' discussion of these issues. Otherwise, we will be here for another couple of years waiting for the House leaders possibly to decide on this. I think it is important.

We have looked at a number of changes that the committee is going through in order to make it more relevant and bring it more up to date. I think this is one issue that needs to be resolved fairly quickly. If the House leaders cannot come to agreement, then, I think, the committee has to revisit it in terms of whether we need motions or how we handle it.

I just want to make absolutely sure that these recommendations do not just fall by the wayside. Maybe most of them will after we are able to see the written responses the department has given to the minister. Mr. Chair, I am assuming there may be some that we want a further report from the Auditor General on. I am just trying to make sure that we have some process so that we can resolve it.

Mr. Selinger: If the member is asking would I be willing to revisit some of the specific recommendations and deal with them later on if we pass the report today, the short answer is yes.

If you are asking would I ask them to take the recommendations and their original response and their status now and try to get them to put that into a follow-up report for you on, say, the housing one, I do not have a problem with that either. I would be willing to do that.

Yes, if that will help people get some comfort level on being able to pass reports and move them forward, knowing that if they want to open the door again, subject to further information, and ask further questions, I am completely okay with that, because I think that would allow us both to move forward and not you to feel that we are putting you in a box that once it is passed today you can never come back and revisit it.

I think it is what you said. The whole purpose of the Auditor General's role with respect to

the Legislature is to give us an independent view of the functioning of these various government programs. If we want to go back and revisit that and discuss it again, I do not have a problem with that.

Now the details, if we get into something that becomes a media football or something, then we have to deal with that on its own merits, but if it is a real substantive concern I do not have a problem with that because I think that is in the interests of all of us to make sure that it is being done properly.

I will give that undertaking. I will give the undertaking that I would support reopening it and answering and doing any follow-up you ask. I will give the undertaking that I will ask them to take their status report and to put it into a document I would get circulated to the committee in case you have follow-up questions.

Mr. Loewen: I just wanted to indicate to the minister that I do appreciate his response and will take that at its face value.

* (10:50)

Mr. Gerrard: I think there is a little bit of frustration because this has come up at least once and maybe twice before and the House leaders have not met to come to a decision. I think it is important that our caucus has some input into this as well, and would like to at least make sure that is on the record.

Before we wind up, I have one more question of substance with regard to the housing report, but I will hold that.

Mrs. Bonnie Mitchelson (River East): I appreciate the Auditor's comments around how significant this report is and that indeed there are issues and recommendations that he has made that the department does not agree with or has not agreed with. Can I ask, and I do not know if it is appropriate, maybe he can tell me, which recommendations the department has had significant discrepancies with and which ones would raise the greatest alarm bells?

Mr. Singleton: There are seven of our recommendations where the department indicated they

were exploring the value of our recommendation. At the time that essentially meant they really did not agree, but they agreed to at least revisit the issue.

Do we have our recommendations numbered in here? Okay. So, those would be R17, 20, 25, 28, 33, 34 and 37. I just said it that way to get it on the record. Now I will do it more slowly for you. Okay, 17, 20, 25, 28, 33, 34 and 37.

Mrs. Mitchelson: Thanks very much. We will take some time to look at those before the next meeting. The Auditor indicated that there was an ongoing audit right now in the Department of Housing. Can I ask what is happening right now, what is being audited? Would it be in any way as a result of any discrepancies that the department might have with the Auditor's recommendations?

Mr. Singleton: It is not directly related to this particular audit. It has more to do with allegations that we received of inappropriate practices taking place within the housing program. We are looking at those specific allegations and then also trying to look a little bit around the control structures within the department, that if there are in fact problems, what changes could be made in the control structure to prevent that in the future.

Mrs. Mitchelson: I was wondering whether I could ask where that is at and whether the Auditor can give us not an exact date but some sort of time frame on when this audit may be completed.

Mr. Singleton: We anticipate providing that report to the members of the Legislature this spring.

Mr. Gerrard: I notice in this report that the report deals with an assessment of, for example, fire safety, but one of the issues which has concerned a significant number of residents with whom I have talked, the public housing actually deals with the building security. Very often the building security is much less than comparable private sector housing. Residents have expressed their concerns to me in this regard. I wondered whether the Auditor looked at building security arrangements and would make a comment.

Mr. Singleton: No, we did not specifically look at the issue of physical security in this audit.

Mr. Selinger: The member from River Heights might recall that there was a related question to the point you have just raised in the Legislature yesterday. The current Minister responsible for Housing (Ms. Melnick) indicated that she is going to be conducting a review of security procedures in the public housing portfolio she is responsible for.

Mr. Gerrard: I wanted to make sure where we were and ask the Auditor was there a particular reason for not looking at the building security arrangements, clearly vital, in terms of the sort of quality of the housing and the quality of life for the residents.

Mr. Singleton: Mr. Chair, every time we do a value-for-money audit, we have to determine which particular questions we want to try to answer. We, obviously, cannot answer all the questions or look at all the programs and systems within a program. In our assessment, the seven questions that we ask, which are shown on page 3, basically set out what we defined as the purpose and scope and approach of the audit. It is, really, more of a financially oriented management of the stock itself, than a security review. There was no particular reason for not doing security. It just did not come into the scope.

Mr. Gerrard: I think that I would just comment in response that security is quite important in terms of the upkeep, because where the units are secure there is less likelihood of people, who should not be there, getting into the building. The upkeep and the security and the long-run sustainability of the program are, certainly, enhanced with a more secure environment. I think it is something which relates to the financial and long-run operation. Hopefully, the minister will follow this up. Thank you.

Mr. Chairperson: Auditor General's Report: Value-for-Money Audits dated December 2002—pass.

Auditor General's Report: Performance Reporting in Annual Reports: Current Practices among Crown Entities dated December 2002.

Mr. Loewen: This report indicates clearly that in the Auditor General's opinion there is at least a third of the annual reports that—I forget the exact wording that is used—certainly could be improved in terms of their providing information to the public. We are certainly willing to pass this report, subject to seeing the responses that have been received to date, if there have been. If there have not been, we would certainly encourage the Government to respond. I am not sure if the Auditor General identified exactly which reports he felt needed to be improved upon in terms of their readability. Maybe he could advise us on that as well.

* (11:00)

Mr. Singleton: Mr. Chair, the report itself lists which organizations were included in our sample but does not provide specific comments on each one. One of the things we did at the end of this audit was we actually wrote to the chair and the CEO of each of these organizations, provided them with a letter which set out our specific comments on their specific annual report. It was part of the agreement that we made with the organizations when we did this particular audit that we would not describe our assessment of each one in this report. The purpose of it was more to try to get a flavour for where we were at in general, not to be critical of any specific organization. I guess one of the main messages from here and from our point of view, annual reports of Manitoba Crown corporations have a long way to go to start approaching the best practices in performance reporting.

From our perspective, annual reports can be a very useful document if they are well done in helping the members of the Legislature and helping citizens understand what the goals of an organization are, how it plans to meet those goals and whether or not it is actually making any progress in meeting those goals. The numbers, of course, are important too. I have to say that, being an accountant, but so are the rest of the operations. In fact, they are typically more important than just the numbers themselves. So we took this as kind of an encouraging. This was kind of a report that we would do more to assess where are we, and to send out a signal of what we think best practices are, and encourage each board to go forward on them.

Interestingly, several of them have contacted us and arranged to meet to go through the detail on things they could do to make improvements. These are usually long-term things. Mr. Chair, you cannot just snap your fingers and all of a sudden you have a perfect report the next year. You really have to do it on an interpretive basis and work out what is useful, try some things that may not work and then you back away from that and try something else.

Mr. Chair, I guess the one encouraging thing was there was strong support amongst the Crowns for doing a better job. I guess I have to say I am a little bit optimistic that things will get better on that score as time goes forward.

Mr. Chairperson: There were earlier discussions in regard to evaluating the committee's time sitting. It is eleven o'clock. What is the will of the committee?

Mr. Maloway: Mr. Chairman, I suggest we rise at noon, 12.

Mr. Chairperson: Agreed? [*Agreed*]

Mr. Selinger: The member asked which entities were looked at. I think the definition used for the review here was Crown entity, it was not just Crown corporations. That is on Appendix 3, page 57, the sample of organizations they looked at. It is a wide array of organizations, advisory groups. They have categorized them as advisory groups, regulatory, operational service groups, operational enterprises and they have definitions at the bottom of the page that indicate the differences there.

I would like to affirm what I think the Auditor General has just said, that this report has been taken to heart by many of the organizations that fall into all of these categories. With my staff, I have done, I would not call it a scientific sample, a random sample. I said: Let us get some reports and see how they have changed since the report has been done, and I can provide some examples here today, if you wish, but, I think, the organizations have made improvements.

Just to give an example, I looked at the Manitoba Crop Insurance Corporation Annual Report of '01-02, and then I compared it to their

report of '02-03. They have made an effort to link their mission statement to business goals and they have put in performance indicators. They have laid that out quite clearly in their report, which is a publicly available document.

We have other examples we could provide as well from the Manitoba Public Insurance Corporation. They do a dashboard model of reporting which works for MPIC. It is not hard to figure out why they would do that.

Mr. Chair, it is quite clear these organizations are trying to improve their performance reporting through their annual reports.

When you look at that page, that is just a sample of the sum, I think it was 58 in total, 57, 58. Some of them have more resources than others. Some of them are more arm's-length bodies. We are probably not going to be really successful in doing a direct memo to the University of Manitoba and tell them what we want them to report on, but we do have the Council on Post-Secondary Education that works with them in an arm's-length kind of way.

Each of these organizations has a slightly different position vis-à-vis the Government and their direct relationship to the Government. I think this kind of report, Mr. Chair, is helpful because it gives guidance to these organizations that not only commented on what they did but the report also, in my view, was helpful in identifying the attributes of what good performance measures would look like, so that people can actually use this document as a bit of a learning and tutoring tool for themselves.

Mr. Chair, you can read this thing through, which I did last night, rather than watching the normal panoply of police shows on TV. I read this last night. If you take a look at these attributes you can actually say to yourself: Does this make sense? Can we do this better? Can we do that better?

I think the report is helpful in that regard and the sample of reports I looked at show improvements. If people want to see some examples of that we can circulate them.

Mr. Loewen: I agree with the minister, most of the annual reports we get are concise and read-

able and present, for the most part, the information you would expect in terms of looking at an annual report, whether it is a public entity or comparing to a private entity.

There are a couple of issues here but, again, to me, what this committee should concern itself with are the ones that do not respond, particularly the ones that, maybe, the Auditor General's office has written a letter to. I would, certainly, be interested to know of any who have not responded to a request or responded in the negative to the Auditor General in terms of updating their report.

That is one issue. I would appreciate some follow-up to the committee either from the minister or from the Auditor General's office in terms of specific situations where they have asked the organization to provide more information or provide a more readable report, because I think experience shows that sometimes organizations will purposefully produce annual reports that are not readable to try and hide some information. Those are the ones that I think this committee needs to concern itself with. That is one issue.

A second issue would be, I would, certainly, be interested in getting something either verbally or in writing from the minister, representing the Government's view in terms of legislating annual report content. I know in the response from government, they advised that they would take a look at it. Again, it is not something that we may necessarily want to conclude with today, but at the same time as passing the report, I would just like some assurance that we can continually revisit in terms of outstanding organizations or in terms of government policy with regard to legislation.

Mr. Selinger: Yes, on the question of legislation, that would not be my first move. I think what I would like to is, first of all, see how people are doing. My unscientific sample shows me that organizations have taken the report to heart in the main and tried to improve.

The next step would be to, there is some guidance already through the Comptroller's office in his own manual and the communications and circulars he puts out there. I think I would like to revisit that and see if we can

strengthen that into a set of guidelines, and then work with the departmental leadership and the ministers to help them adopt those guidelines.

There is a fair amount of variability in the types of organizations we are dealing with here. Some of them are quite small, like the Boxing Commission. I do not think it has a lot of resources, although I must say I have not looked at their budget lately, but, I mean, some of these are pretty small organizations with pretty focussed mandates. They are not going to do a big, fancy report.

So I would like to do a guidelines approach and let the Comptroller continue to work with his administrative tools that he has to improve this. We have also the departmental annual reports we talked a bit about last time and their performance indicators.

So a minister usually is responsible for not only his department, but a variety of sort of arm's-length bodies that report to them, whether it is a Crown enterprise, a Crown advisory board or some sort of Crown service organization, and see the progress that is made there.

So, yes, the member can come back and ask about it. All of these reports are available. They can be dealt with either in Estimates, they can be dealt with here, or there are other forums as well, so, sure.

* (11:00)

Mr. Loewen: Again, I appreciate the answer. I guess the one outstanding issue remains for the committee to be aware of which reports specifically the Auditor General's office might have concern with. I think those are the reports that we should focus in on.

Maybe I would like to ask the Auditor General if he can recommend a process whereby we could, as a committee at least, have an understanding of any entities or Crown organizations that his office has particular concern with in terms of their reporting and focus our attention on those as opposed to the ones that are doing well.

Mr. Singleton: Well, one of the improvements in our own internal processes we are in the pro-

cess of implementing, using some new software, is developing sort of a computerized way of tracking all our recommendations, be they in a compliance audit, a value-for-money audit, a financial statement audit, have all those located for each organization in one place.

That is our plan, to follow those up as we do the financial statement audit of each organization, to have a look at their recommendations that we may have made.

So, in the case of these 28 Crown organizations, the specific internal comments that we made on their report, that we did not make public here, are captured, and the audit managers will be following up on those routinely to see how they are being addressed.

Mr. Chair, I think it would be fair to say that in instances where we thought things were going backwards or there was no commitment to making change, that we would start elevating that. Probably, we would start elevating it in a management letter, and our management letters, typically, go to the Chair and the minister responsible and the Minister of Finance (Mr. Selinger), so they are still kind of internal at that point. We have a process of trying to think through at what point has it gotten serious enough that the members of the Legislature need to know about it as well. If people are working well to try to fix things, then we often do not, necessarily, bring them to the Legislature's attention, because good progress is being made. But, if we were seriously concerned, then, actually, we would bring that forward.

I think this is probably something that for the next, oh, I cannot really speak too far into the future, but I would think that our office would probably be committed to doing this probably every three years, a similar kind of review and making sort of a benchmark saying are we as a whole going forward at a reasonable pace or not.

Mr. Loewen: Well, just in follow-up, I guess my question to the Auditor General would be would it be appropriate for letters that are sent to ministers indicating that organizations need more work or are not meeting the expectations that your department has laid out, that those letters be copied to this committee so at least

there is knowledge at the committee level of what organizations are either not in compliance or resisting recommendations made by your department to provide the necessary information for the public.

Mr. Singleton: I do not think that would be particularly practical or desirable from my perspective.

There are no organizations that do not have any problems. Frankly, I think we could overload the members of the Legislature with a lot of administrative issues that really should not be taking up of your time. I mean, you have a lot of very important responsibilities to take care of.

Essentially, what we do is a constant judgment act on our part to try to think of those issues, those recommendations, those problems or those successes that are significant enough that they should come to your attention.

When we reach that conclusion, then we put them in a report to you; otherwise, we try to work with management and government to fix the more routine things up.

Mr. Loewen: I appreciate that response.

With regard to this report, the conclusion and recommendations that the Auditor General's office makes are fairly specific recommendations, and the comments of the government officials are fairly general in nature with regard to their response, trying to wrap, I think, all the recommendations into one response.

I would be interested in having a response—and, again, I think it would serve the committee just as well to have it in writing, as do it verbally here—to each one of the eight recommendations as opposed to a general response, given that there has been a fair bit of time passed between the original report, and the Government did undertake to consider some of these issues.

Perhaps, at this point, they could give us a response to each of the eight items recommended by the Auditor General's office in terms of progress being made or if they disagree.

Mr. Selinger: Well, I think that I have indicated in part through my previous answers some of the responses. I think the attributes of affective performance reporting are helpful guidelines that the entities under investigation should take a serious look at when they improve their performance reporting.

On recommendation 2, there already is, and the report notes the guidance from the Comptroller's office on what reports should contain. I know the Comptroller is going to review that and see if that needs to be strengthened or put into another revised set of guidelines. That will be followed through on.

A disclosure policy, we have not spent a lot of time discussing that yet. I think that needs follow up on, to be blunt about it. I think that is all I can say on that one now.

* (11:10)

I have commented on legislation. A government-wide corporate framework, we do actually require, through the Estimates process, each department to identify key areas of performance they want to make progress on. It is sort of the point the Member for Fort Whyte (Mr. Loewen) made. The guidelines might address this. Each organization is so different I am not sure one framework can capture all of that. I think what we have to do is work with each of the entities to make sure they develop performance measures appropriate to the type of activity they are engaged in and the level of resources they have to do that.

Mr. Chair, I think the last line says that: In the absence of a government-wide framework, the Government of Manitoba should identify for each Crown entity the outcomes it is expected to achieve over a specified time. I think we need to work at that level with these entities to see what can be improved.

Capacity building, we have brought some additional capacity building support into this whole area of performance measures. Mr. Chair, There were some there when we came to government already within Treasury Board. There had been quite a bit of work done on business planning. We have brought some additional support and resources to that.

Mr. Chair, there is an entity inside of government called Service Manitoba that does quite a bit of survey work with clients and beneficiaries to see levels of satisfaction. I am trying to get a closer link between the work they do and performance measures.

Consistent approach to monitoring, I think I have commented on that. Consistency, I think it has to be appropriate to the organization because of the great variety of organizations. I think consistency has to accommodate the diversity of the organizations there.

The opportunity for public debate of performance, some of the Crowns already do public accountability meetings with their key stakeholders, I guess you could use the term, or the constituencies that have an interest in what they do. Others do not. Some of the smaller ones do not. Once again, I think it has to be appropriate to the type and size of the organization.

There are a number of existing mechanisms people can use if they are not satisfied with the performance of any government organization. They have all of us they can talk to, and they do, regularly. They have mechanisms inside the established procedures of the Legislature, whether it is through Estimates or Question Period, but I am not sure that I want each and every one of them to have the same procedure for public debate. I think we need to think about that a little more carefully. The big ones do have mechanisms in place for going out, consulting their constituencies and doing an accountability session.

Mr. Gerrard: One of the areas, you talked a little bit about legislation, where I believe there is a legislated framework for performance measurement, certainly, for departments, and I think it extends to Crown corporations, is under The Sustainable Development Act, where there are specific requirements in terms of reporting, and in terms of performance measures.

I would ask the Auditor General to what extent he looked at how Crown corporations were doing in following the framework under The Sustainable Development Act as part of his review of performance.

Mr. Singleton: Mr. Chair, the issue of that kind of work is something that we applied for ourselves as something we need to begin working on within the next fiscal year, in terms of setting up a process for reviewing the compliance with those requirements by Crown organizations. We intend to do that kind of work, and if we have significant comments on it, we will, certainly, bring them to the attention of members of the Legislature.

Mr. Gerrard: My question is to the minister, in terms of what his Government is doing in terms of the performance requirements under The Sustainable Development Act as they apply to Crown corporations.

Mr. Selinger: I do not have the indicators in front of me for the sustainable development, but I recall, at the time we reviewed them, that they were quite broad. They cover a wide range of topics. They are not specific, necessarily, to any department. They are specific to a set of outcomes that improve the quality of life for Manitobans.

So all of the entities that are in the broader government sphere are part of the resources that meet those sustainable development in or work towards achieving those sustainable development indicators. I do not have information today, specifically, on how Crown enterprises or Crown entities more broadly factor into that. I do not have a specific linkage or information on that at the moment. Each of these entities we are looking at is the responsibility of a specific minister, and the minister comments on that through their overall estimates and annual reports, and links it back that way. I do not have specific information available to me today. I would have to follow up on that.

Mr. Singleton: Mr. Chair, I thought the committee might be interested in knowing that we put those requirements into our own report on operations, for the end of March 2003. It was our first attempt to begin to comply with that requirement as well. Anecdotally, I understand that we were one of the first, if not the first, to do so within the time frame specified. I would be convinced that everybody will be wanting to comply with that requirement in future annual reports. As I indicated earlier, we will be taking a look at that in due course.

Mr. Gerrard: Just to the Auditor General, compliments to the Auditor for looking at and working to meeting those requirements. The legislated time frame for providing that was by the end of 2003. Is that what you are saying?

Mr. Singleton: Mr. Chair, I do not know today what the specific deadline is, but I believe there is one.

Mr. Selinger: The Comptroller has just identified for me an example of it in the Manitoba Lotteries Corporation. They do report on sustainable development. It is a short paragraph. I will read some portions of it for the member: A significant undertaking for the corporation is the integration of sustainable development principles into our business operations. The process began in '02-03 with the development of a sustainable development code of practice in compliance with the provincial Sustainable Development Act. This code of practice will ensure that we acknowledge responsibility for sustaining the economy, the environment, human health and social well-being. This initiative will have a meaningful impact on many of MLC's business practices starting with the types of products and services we purchase and how we use and dispose of them.

The Crowns, in this case and I believe in other cases, are taking this to heart and starting to work a code of practice into place. I noted, I think it was actually the report I just looked at of the Auditor General's office was the '02-03 report. You had a comment on it as well in their annual report. So government entities are integrating this into their business practices.

Mr. Gerrard: To the minister, can he tell us the time line for complying with this?

* (11:20)

Mr. Selinger: I would have to check the specifics on that. As I recall, it was let us get going now. I do not remember what the specific markers were for specific parts of that entire sustainable development. I would have to check on that for him.

Mr. Gerrard: Just one more comment with regard to the sustainable development issue. The

question to the minister, whether the minister would provide a report back to the committee the next time it meets on this particular subject, the time frame, and a summary of the efforts.

Mr. Selinger: I would be happy to check out on the time frame. I am not sure I want to take on the responsibility for the minister responsible for it. I think that would be best directed to the Minister of Conservation (Mr. Struthers), who is responsible for the sustainable development indicators, so I think that is where I would direct him.

Mr. Loewen: Again, one of the challenges as a committee member is that, and I want to indicate to the minister that I do appreciate his verbal response to the recommendations, but, I guess, two issues. One, we have really no mechanism for understanding the priority, in terms of ranking, that the Auditor General's office would put on these recommendations.

It seems to me that the two in particular that have not been acted on, if I am hearing right from the minister, establishing the disclosure policy and establishing a government-wide corporate framework, in my mind, seem to be fairly critical issues. I guess, I would like the Auditor General, maybe first of all, if he could comment on what his office would look at, in terms of these eight recommendations, as their priority recommendations.

Mr. Singleton: I guess, I would start by saying these recommendations, apart from the suggestion giving consideration to legislation, which is kind of a stand-alone thing, but the rest are kind of part of a philosophical framework of performance reporting. They are all sort of components of that.

Taking, for example, the government-wide corporate framework, that is something that we have been suggesting in general for the Government for several years now, that there be a set of strategic objectives of what the Government is trying to accomplish that would let all the departments and all the Crown organizations, when they are on their own developing their own strategic plans and goals and outcomes they want to accomplish, they have something to measure against, and say, oh, yeah, this program

is going to address these kinds of overarching goals and objectives that the Government has set out that it wants to accomplish.

Now, that does not mean you cannot move ahead without that in place, because developing such a corporate framework would represent a fairly significant commitment on the part of Executive Council to develop and promulgate that to all the people within the government reporting entity.

There are other sources for at least indication of what government's overall goals are. Of course, the Throne Speech and the Budget would certainly be documents I would expect other organizations to turn to for information on the direction the Government is heading. For example, you might say, well, that is the most important thing, but if it is not in place, it would be my position that does not stop people from moving forward, and so then you would move to the next depot. If you are an organization that wants to move forward on this, it is probably useful if not everybody has to invent the wheel on what the attributes of effective performance reporting are so that different entities within the Crown sector or departments have different perspectives on what effective performance reporting means in Manitoba.

We have set out our thoughts on what we think the ideal ones are, but it really then becomes up to government to decide which of those they agree with or how they might want to tweak those in their own circumstances, or they may have other guidelines they would like to implement that we do not mention in our report.

I think it is probably pretty important to try to get that in place, just almost from an efficiency point of view of having one set of competent eyes look at that and develop the guidelines along the lines the minister has suggested they are working on and then present that to all the Crown organizations and all the departments as guidance to go forward on.

Moving forward on one and two would probably be the most important from that perspective. I guess another important thing would be that demonstrated commitment to moving this forward so that everybody understands out there

that the Government is serious about wanting to continually improve these practices in this area.

Mr. Loewen: I am, certainly, prepared to see this report pass, but I would ask the minister to undertake to come back and give us an update on some of the items he has identified here, issues that have not been discussed or not done. It would, probably, be simpler for everyone if it could possibly be done in writing prior to the next meeting or at the next meeting at worst.

Mr. Selinger: Yes, I will report back. Whether I will do it in writing or not, I will have to discuss with my officials, but I will definitely report back.

Mr. Chairperson: Auditor General's Report: Performance Reporting in Annual Reports: Current Practices among Crown Entities dated December 2002—pass.

Auditor General's Report: Investigation of Missing Artifacts at the Anthropology Museum of the University of Winnipeg dated June 2002—pass.

Auditor General's Report: Investigation of the Rural Municipality of St. Clements and Review of Municipal Financial Accounting and Reporting Standards in Manitoba dated September 2002—pass.

Pardon me. Mr. Loewen.

Mr. Loewen: Can we pass that report? Then I just want to make one comment on the University of Winnipeg, if we can go back there for a second.

Mr. Chairperson: Is there a willingness to return to the Auditor General's Report: Investigation of Missing Artifacts? *[Agreed]*

Mr. Loewen: Well, actually, I did that for the benefit of the Leader of the Liberal Party who was out of the room when we passed that report. I did not know if he had any questions on it or not, but I did not want him to think we were taking advantage of his absence to rush through a report that he might have wanted to comment on. So I just wanted to give him the opportunity to understand we have passed it and if he has questions on it.

Mr. Gerrard: If I may, just a couple of questions. One has to do with the recommendation on page 14 which deals with legislation dealing with a process which identifies the right and process for repatriation. I wonder, to the minister, what the Government is planning to do with regard to this recommendation for legislation.

Mr. Selinger: Yes. I do not have any information on whether the minister responsible for this is considering legislation with respect to identifying the right and process for repatriation. This is a university that we are talking about here. I think it behooves them and there is lots of debate about this among institutions like universities and museums about their policies of repatriation. It is a fairly active debate throughout the Western world where many of these artifacts are located.

* (11:30)

Mr. Gerrard: I would ask the minister if he would, at the next meeting of the committee, provide some feedback on this particular issue.

Mr. Selinger: I will provide feedback. We will have to check with the Minister of Advanced Education (Ms. McGifford) whether there are any considerations going on there and we will endeavour to get some information back for the member.

Mr. Gerrard: I think one of the interesting things here in this question to the Auditor General is here we have what is a public institution, some separation from government but largely government- or majority government-funded, and there is a very important role for public stewardship of what are public institutions, publicly owned assets and so on.

I would ask the Auditor General how broad does he see this requirement for Government to ensure that there is appropriate public stewardship, as it applies to public institutions like universities, to Crown corporations, and so on and so forth, as well as the government departments.

Mr. Singleton: Well, I guess I would start by talking about the concept that we use to frame virtually all the audit work we do, which is the concept of a special duty of care. We define that

as something a little more onerous for people in the public sector than the regular duty of care that someone might have when you place their investments with them. Of course, they have a duty of care to protect your investments and make sure they are handled in accordance with your wishes and that you get them back when you want them, that kind of thing.

But, in that world, of course, you have a choice about where to invest or where to get your car repaired and make sure it is safe, but when it comes to paying taxes, none of us have choices about doing that. So it is our perspective that that means the people who get to spend that money have a special duty of care back to the citizens to make sure they are managing it wisely.

So, seeing that as an overall framework, I guess I would expect everyone in the public sector, be they in a university, be they in a small Crown entity, be they in a government department or running a government program, to be aware of the importance of ethical and effective and efficient spending of public monies.

Now, the extent to which it is incumbent on a government to advise an organization of that expectation gets a little more complicated. I mean, it is important in our system that universities, for example, are able to maintain academic freedom, but, as you say, some of the universities are significantly controlled by the Government and certainly depend on it for funding.

So it is probably useful to have some mechanism for reminding organizations from time to time what the overall ethical and effective expectations are of government when they send the money over to other organizations.

Mr. Gerrard: Let me just give the Auditor General another separate but, perhaps, a related example, and ask the Auditor General to comment.

We are talking here about artifacts which may be decades or even hundreds of years old. There would be other instances where the Government may be a steward, either through ownership or in other ways, of natural treasures; you know, trees which are hundreds of years old and

have a special contribution to the beauty of the area, as, for example, the Bois des esprits forest on the Seine River, and, clearly, there is a duty for public stewardship of heritage collections in a variety of circumstances.

I would ask the Auditor General to comment.

Mr. Singleton: I guess, I would regard those kinds of assets as part of the public sector, part of the public assets of the people of Manitoba. So it would be my feeling that they should receive that same special duty of care that the citizens' dollars and cents do, but, of course, obviously, it would have to be put in the context of the nature of the asset and its value and the cost of protecting it.

All those things need to be thought about in the process.

Mr. Chairperson: As previously agreed, the Auditor's Report: Investigation of Missing Artifacts at the Anthropology Museum at the University of Winnipeg dated 2002 has passed.

We are now moving on. Shall the Auditor General's Report: Investigation of the Rural Municipality of St. Clements and Review of Municipal Financial Accounting and Reporting Standards in Manitoba dated September 2002 pass?

Mr. Gerrard: The Auditor General has done an assessment of school boards and, here, municipalities. In this instance there were found to be significant problems in the Rural Municipality of St. Clements. I would ask the Auditor General first off: Are there any indications or concerns that there may be other rural municipalities with similar concerns?

Mr. Singleton: Mr. Chair, I guess I can tell the committee that after this report became public we received allegations with respect to a number of other rural municipalities. We have not yet been able to find the resources to follow up on any of those. We are not currently doing any additional work there. I would take what happened here as a real signal to the Department of Intergovernmental Affairs to think carefully about capacity and monitoring in rural municipalities in general.

I know there is a philosophical debate going on to the extent to which the provincial government should direct the operations of rural municipalities and the extent to which it is better to let them manage their own affairs. I guess my perspective, without getting into that particular debate, is that it is important to make sure that organizations which are being given additional autonomy or responsibility and authority that they also have the capacity to act on that effectively. Clearly, one of the issues in the rural areas is making sure there is the expertise and capacity to carry out some complex functions.

* (11:40)

I would say that concern would be an issue in the Rural Municipality of St. Clements. It would be a concern in the audit that we did of Dakota Tipi Cree Nation, as well, on the issue of capacity to actually carry out some fairly significant and complex administrative functions.

There is another chapter in this report which deals with the accounting policies of municipalities. That indicates that none of the municipalities in Manitoba are reporting in accordance with generally-accepted accounting principles. It indicates that The Municipal Act which was passed several years ago now, I do not know the exact date, in fact requires the use of generally accepted accounting principles in financial reporting by rural municipalities. That has not happened yet.

We understand that there is an undertaking in this report by the Department of Intergovernmental Affairs to initiate a process to adopt generally accepted accounting principles by municipalities. I guess, my concern there is that accounting is hard for most people to understand in the first place if they are not accountants. It is useful to the citizens to know that all of the municipalities are following GAAP, because that is closest to the kinds of financial reporting you are used to, in terms of income statements and balance sheets and notes to the financial statements, and sort of a clear sign about whether the municipalities are running a deficit or not.

That is just as an example of, certainly, kind of, one of our recommendations that would seem to be tailor-made for this committee to want to

take a position on, in that it supports compliance with The Municipal Act, and that it supports the use of generally accepted accounting principles by rural municipalities.

Mr. Gerrard: My question is to the minister. The problems which the Auditor General has outlined, the lack of compliance in terms of rural municipalities, it would appear in the Government's four years that there are still problems here. Just what is the Government doing to address this?

Mr. Selinger: This report was taken very seriously by the Department of Intergovernmental Affairs. They are looking at an implementation plan for the AG's recommendations, not just specific to the Municipality of St. Clements but the wider implications for other municipalities. They are doing it in partnership with the municipalities.

They have discussed it with the Association of Manitoba Municipalities, AMM, and the Manitoba Municipal Administrators' Association. They are doing research and analysis on the implications of implementing the PSAP. They are also looking at what the experience is in other provinces. So they are following up on it to see how this can be managed and expanded into the entire universe of municipalities that are under consideration here.

Mr. Gerrard: I would ask if the minister is aware, or has heard of, prior to this, the allegations of improprieties in other rural municipalities.

Mr. Selinger: No.

Mr. Gerrard: I would ask the minister what would be the procedure in terms of those being brought to the attention of the minister, and what is the minister going to do now that he is aware of such.

Mr. Singleton: Just to help put in context my earlier comments, it has actually been an increasing trend for us to have citizens and employees of various government organizations come forward to us in confidence with concerns and allegations about goings-on at their particular organization. Our process, Mr. Chair, when

we receive that, is to try to do an assessment of how credible the allegations are, how significant they might be, what level of public interest there might be associated with them, and to determine and then focus our audit efforts on the ones that we see to be most significant because we really do not have the resources to follow up on all of them.

However, it is not our practice to advise anyone in government about those if we are not going to be doing work on them, because we do not have any basis, other than somebody told us something, and we do not want to be running around raising alarm bells based on allegations which may or may not have substance.

I guess I am relating this, because it is not fair to have expected the minister to act on something he did not know about. If he was to ask me what the allegations were, I would not tell him, unless we were in the process of launching an investigation, in which case we let the relevant officials know that investigation is happening and what it is we are looking at, at least in general terms.

I see that as an important part of protecting the confidentiality and the privacy of the people who are bringing these concerns to our attention. We, certainly, find it to be an onerous responsibility and a hard one to think about and to be careful that, in every case, we do not let things languish where there is a significant risk of something serious going wrong.

Mr. Gerrard: I thank the Auditor General. It seems to me the Auditor General is not the only place that such allegations should be presented and that clearly there is a responsibility in government to have some sort of a mechanism to be able to hear such concerns and to respond to them, because of the capacity of the Auditor General to do something about it. The Government is a steward of the municipality.

So I would ask the minister what is the process within Government for accepting and dealing with such allegations, and investigating, and making sure that things are being done properly in municipalities.

Mr. Selinger: I think, the member himself is part of the process. Every elected representative is fully accessible to virtually every member, every citizen in Manitoba. If a citizen wants to talk to one of us they approach us. They can approach us through a variety of media, whether it is personally, letters, phone calls, e-mails, you name it. There is a variety of ways of doing it. In this case, I indicate earlier I had never received any other complaints. I think that is, probably, because the Auditor General issued a report and that became the beacon for any other potential concerns that were out there. They went to him with those concerns.

As he has indicated, his office handles those in a certain way. If he thinks there is any substance to any of those allegations at that point he will bring them to the attention of Government. But, you know, every single day we get queries and comments and questions about things. We make judgments about how serious they are and whether we follow up on them. We follow up on most everything to at least satisfy ourselves whether or not it is a legitimate point that has been raised. In this case I have had no other complaints through my office. I just heard the Auditor General's comments today like you did. Then he qualified them later on with he wants to investigate the seriousness of them and whether there is any substance to them and whether he has the resources to follow up on them all.

Media reports can generate a lot of interest and a lot of concerns on a variety of topics. Then there is an enormous amount of work that has to be put into following up on them. In the absence of completely liquid resources to dedicate to that task some judgments have to be made about whether or not they can all be followed up on. I think that would be the case for any entity of government.

Mr. Gerrard: The Department of Intergovernmental Affairs has a particular role in this. I would just get some clarification. For example, as an MLA, if I received such a report and was not able to make a full judgment, in terms of how significant this was, I might take it to the Auditor General. Surely, it should also be possible to take it in an appropriate venue within the Department of Intergovernmental Affairs. What would be done within the department?

Mr. Selinger: I cannot give a concrete clarification of that. I have never been the minister of that department. Normally, and I am speaking generically here, when a complaint or a concern comes in to the department, if it is brought to the attention of the minister, the minister goes to senior administration and asks them to look into it and see what substance there is. Usually, the senior administration takes that into the department at the level and the location of where that concern was raised and tries to do some follow-up to see how serious it is and whether there needs to be further investigation.

There is a chain of command that works from the grassroots of the organization right up to the ministerial office to follow up on something, and if they feel it is beyond their scope or resources they can consult Civil Legal Services. They can consult the Auditor General. They can consult the Comptroller's office. There are a variety of resources they can make available to themselves if they want to do follow-up, depending on the nature of the concern.

I am assuming in this case that the matters raised had something to do with the financial affairs of the organization, given the nature of the report. Every department has senior people that look after the finances of that department that can follow up on it with staff that they have available to them.

* (11:50)

Mr. Gerrard: I am aware, in the last few years, of at least one instance in the case of Hecla Island, and there was an Auditor General's report on an Ombudsman's report. There were particular problems within the department, in terms of how information was handled in a confidential fashion, and so on, and so forth. I would ask the minister whether the appropriate mechanisms and procedures have been put in place to make sure that those sorts of circumstances do not arise again.

Mr. Selinger: There have been discussions with all deputy ministers about confidentiality policy and how that is handled. Not to make it too pointed, the member himself has asked me questions that I have not been able to answer on specific taxpayers in Manitoba because it would

breach confidentiality. He has asked me those questions in the Legislature.

Most ministers know their obligations and their limits in that regard, and usually respond accordingly, as I did in your case when you raised one. I believe it was in the September period when you raised specific information relevant to a specific taxpayer's concerns, and I could not give specific information on that taxpayer in the Legislature. That would have breached confidentiality law in this province, but I did undertake to look at the policy dimensions of that.

Mr. Singleton: I guess I will make another comment that I do not think it is really contained—well, it is implied by a recommendation that we had here in the report for the department which was that the department review the results with a view to considering its role in ensuring municipalities follow proper governance practices, including compliance with legislation, financial accountability and transparency.

The committee may be interested in knowing that one of the initiatives that we have going on now with respect to the government-appointed auditors of Crown entities and Crown corporations is we are working with them to begin to have them provide a separate opinion to the board of directors on compliance with authority. So, in addition to just the financial opinion on whether or not the financial statements are presented fairly, we are going to be expecting those auditors—and we intend to do it ourselves—to give an opinion on whether the organization has complied with the relevant legislative authorities in its operations.

I think something like that might be useful to ask the auditors of rural municipalities or the auditors of school divisions to make sure that the scope of their work means looking at compliance with authority and bringing that to the attention, if there is non-compliance, to appropriate officials.

Mr. Chairperson: The Auditor General's Report: Investigation of the Rural Municipality of St. Clements and Review of Municipal Financial Accounting and Reporting Standards in Manitoba dated September 2002—pass.

Shall the Provincial Auditor's Report: An Examination of School Board Governance in Manitoba, October 2000, pass?

Mr. Loewen: Just a quick question for the Auditor and this certainly is an interesting benchmark for the first go-around of this.

You do indicate in the report that you hope to be involved in further dialogue, and I just wondered if you could outline, maybe, anything that has taken place since the report with regard to involvement of your office or feedback from school boards.

Mr. Singleton: Actually this report has become like a top-40 hit amongst our reports. There has been a great deal of interest amongst the school trustees in Manitoba and across western Canada, actually, in what we have to say on governance here.

I get invited to speak to various groupings of school trustees five or six times a year now on governance issues. I went to Canmore in August to speak to school trustees from all across western Canada about governance. I am going to Edmonton in February to speak to Alberta school trustees, and I have probably spoken to Manitoba school trustees seven or eight times since this report came out.

So, Mr. Chair, there is a really strong interest in strengthening governance. I think, both this report and the Morris-Macdonald report served as a bit of a wake-up call to school trustees to really start focussing a little more on what their governance responsibilities are, and how they can operate in such a way as to manage the risks associated with the organization better than they do now, and make sure that their school division and their schools are delivering the kinds of outcomes that the parents and the citizens expect.

The Manitoba Association of School Trustees has also taken this very seriously and is trying to work with other trustees to develop further guidelines on governance for school trustees in the future.

Mr. Gerrard: Just following up a request that, incidentally, I had this morning from a

constituent. It had to do with school-board governance. The question was: Are there any circumstances or any provisions that would provide for circumstances where there might be recall of school trustees?

Mr. Singleton: I do not think I can answer that question. I am not aware of any mechanisms for recalling school trustees. Of course, under The Department of Education Act, the Minister of Education has the power to remove a school board that is not acting appropriately, in the view of the minister. I really do not know whether there is a citizen recall provided for in the legislation.

Mr. Gerrard: So, as far as you are aware, in terms of ethical or financial or other irregularities or even criminal convictions, there is no provision for recall of school trustees.

Mr. Singleton: I do not know, so I should not try to answer that question. I will probably trip on something.

Mr. Chairperson: Provincial Auditor's Report: An Examination of School Board Governance in Manitoba, October 2000—pass.

Shall the Auditor General's Report: Audit of the Public Accounts for the year ending March 31, 2002, pass?

Mr. Loewen: Mr. Chair, there are, obviously, some issues that we want to get in with, but, given the time, I would suggest that we adjourn the committee.

But, just before doing so, I would like to thank the Auditor General and all his staff who have been with us these last few meetings, and, at the same time, seeing that I do not think we will, probably, meet before the new year, I take this opportunity to wish them Merry Christmas and best of the holiday season. We will look forward to picking up this committee's work in the new year. I would like to extend those greetings to the committee members. Have a good holiday.

Mr. Chairperson: Before adjourning, it has been pointed out to me that this committee has the distinction of having the opportunity of being notified when the meeting is on the agenda, what is on the agenda, and the opportunity to send in questions for detailed answers. It gives the opportunity for the minister or the Auditor for taking questions as notice, that they can be prepared for it. I should point that out to the members.

Mr. Selinger: I would just like to add, ditto, to the member from Fort Whyte's comments, and thank you, as the Chair, for doing a good job today. Thank you.

Mr. Chairperson: In the interest of reducing waste, I would ask that you leave behind any copies of the reports that have not yet passed. This will reduce the number of copies required for next meeting considering these matters.

The hour being twelve o'clock, committee rise.

COMMITTEE ROSE AT: 12 p.m.

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