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of the
Legislative Assembly of Manitoba
Standing Committee
on
Public Accounts

Chairperson
Mr. Leonard Derkach
Constituency of Russell

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Ninth Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

Wednesday, April 23, 2008

TIME – 7 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Leonard Derkach (Russell)

VICE-CHAIRPERSON – Mr. Jim Maloway (Elmwood)

ATTENDANCE – 10 QUORUM – 6

Members of the Committee present:

Hon. Mr. Selinger

Mr. Borotsik, Ms. Braun, Mr. Derkach, Ms. Howard, Messrs. Jha, Lamoureux, Maloway, Martindale, Mrs. Stefanson

APPEARING:

Ms. Carol Bellringer, Auditor General of Manitoba

Hon. Jon Gerrard, MLA for River Heights

MATTERS UNDER CONSIDERATION:

Auditor General's Report – A Review of Crown Corporations Council and Compliance Audits dated March 2004

* * *

Mr. Chairperson: I would like to call this committee to order, please.

Good evening, ladies and gentlemen. Tonight, before we get started, I just want to advise that there is some filming being done today. I'll let the Clerk of Committees explain exactly what it's about.

Clerk Assistant (Mr. Rick Yarish): We are filming tonight. Actually–

Mr. Chairperson: Do we have leave for the Clerk to speak to the committee? *[Agreed]*

Clerk Assistant: Thank you very much. I'm a stickler, you know.

We are creating an updated version of the video *Standing Committees of the Manitoba Legislature*. The previous one is about 10 years old and we're–

An Honourable Member: Some of us were there.

Clerk Assistant: Many of you were.

But we're creating an updated version of it, and we'll probably be filming at a number of committees over the next couple of weeks, starting with the PAC tonight.

Mr. Chairperson: I thank the Clerk for that advice, and I actually prefer the 10-year-old video because I was younger then and I was still minister then. However, times do change.

Ladies and gentlemen, tonight I'm asking the Standing Committee on Public Accounts to come to order. The meeting has been called to consider the Auditor General's Report – A Review of Crown Corporations Council and Compliance Audits dated March 2004.

Before we get started, are there any suggestions from the committee as to how long we should sit this evening?

Mr. Jim Maloway (Elmwood): Mr. Chairman, I would suggest we go till 8 o'clock and revisit at that time.

Mr. Chairperson: Thank you. Any other suggestions?

An Honourable Member: Agreed.

Mr. Chairperson: We will sit until 8 o'clock unless our business is concluded before then, and at that time we will revisit the issue of how long we should sit. Thank you so kindly.

Does the Minister of Finance now wish to make an opening statement?

Hon. Greg Selinger (Minister of Finance): No. I'm ready to go to questions.

Mr. Chairperson: Thank you. I'd also like to ask the minister if he would introduce his staff to the committee.

Mr. Selinger: Yes. I have with me the new Deputy Minister of Finance, Diane Gray; the Comptroller,

Betty-Anne Pratt; and Senior Assistant Deputy Minister, Bruce Gray, no relation to Diane Gray.

I also have for background information the Chair of the Crown Corps Council, Ray Poirier, and the CEO, Garry Hoffman.

Mr. Chairperson: Thank you very much.

Does the critic of the official opposition have an opening statement.

Mr. Rick Borotsik (Brandon West): No. He'll do the same as the minister. He'll wait for questions.

Mr. Chairperson: Thank you. Does the Auditor have an opening statement.

Ms. Carol Bellringer (Auditor General of Manitoba): I do actually.

Mr. Chairperson: Thank you. Proceed.

Ms. Bellringer: First, I'd like to introduce Norm Ricard, who's the Executive Director of Strategic Initiatives, who's sitting beside me, and there are other members from the staff behind for support.

As you know, the report was issued in 2004, so it does go back a little bit in time. Some of the reports included in it go back as far as 1999-2000. So we are going a little bit back in time. Just as a review there are actually seven reports in total that end up being included in this single document.

The two that I would consider the most significant would be the Review of the Crown Corporations Council and the University of Winnipeg Financial Review, and a little of lesser significance because the nature of the report is a little bit—it's quite a bit shorter—would be the Family Services and Housing Child Protection and Support Services Report and the Review of the Student Records Section of the Professional Certification and Student Records Unit.

There are three more reports that I would just say in general are substantially resolved. They were either resolved at the time the report was issued or we know since then they have been. That would be the Northern Manitoba Community Councils' Financial Reporting Standards. Those standards have been amended by the department. The Hudson's Bay Company Archives Review, at the time of issuing the report, we found it to be in compliance with the agreement that we were checking at the time. The third is the Review of the Municipal Financial Accounting Reporting Standards in Manitoba. That's changed significantly since the time of the report,

and the department has indeed been assisting the municipalities to move towards generally accepted accounting principles.

Mr. Chairperson: I thank the Auditor.

The floor is now open for questions.

Mrs. Heather Stefanson (Tuxedo): Mr. Chair, just a couple of questions that I have with respect to the two areas that you referred to, the Family Services and Housing Child Protection Support Services as well as the Review of the Student Records section.

Can you just indicate whether or not the recommendations have been implemented and, if they haven't, what has not yet been implemented?

* (19:10)

Mr. Chairperson: Madam Auditor General, or is that a question more appropriately placed for the department?

Mr. Selinger: I can give you a brief update based on information I have.

The first recommendation is implemented. It was: That the department review and update the CCTC policies in the procedures manual on a regular basis. So the manual has been updated.

The second was: That the department amend the policies in respect of funding decisions to include a review of the most recent audited financial statements of these organizations, and that consideration be given to incorporating an analysis of the quality of service. Further, we recommend that the department reassess the usefulness of the funding models and, if these are determined to be useful, that appropriate processes be put in place to ensure the current models are in place and used effectively.

The shorter answer of that status as of December 31 was some progress in this. You may wish to discuss that with us further.

The third one was implemented, and that's: That the department establish and document procedures to ensure the grant recipients are continuing to meet their program objectives.

The fourth one is implemented, and that's: That the department fully document funding decisions for grants to these organizations.

The fifth one is reported as: some progress; That the department obtain signed service purchase

agreements for each of these organizations as soon as possible.

No. 6, and I'm going to ask that the officials from that department come forward, some of them, in case we need some follow-up: That the department develop appropriate action plans to respond to CCTCs that regularly missed the deadlines established by the department for its agency reporting requirements. That's listed as fully implemented.

And seven, there are 12 of them, so it's going to be a bit tedious: That the department establish and implement a process for taking timely, effective action in response to failures and to provide accountability information. That's noted as implemented.

And eight: That interim financial statements be obtained when there is an identified need. Completed.

And nine: That the department modify the financial reporting disclosure requirement for long-term debt to be consistent with that used in the CCTC financial statements. That's noted as completed.

And 10: That the department implement and document monitoring procedures to ensure the funds provided to the CCTCs are being spent for the purposes intended. That's noted as significant progress. I won't read the rest of it, but we can talk about it, if you wish.

No. 11: That the department document policies and procedures identifying instances where an evaluation, audit or a review of a CCTC is required. Some progress.

No. 12—some progress—That the department establish a cycle for quality assurance reviews of the facilities.

Mr. Chairperson: Just a note to the committee. Questions may be asked either of the minister or the deputy minister. So please identify the person that you're asking the question of or, in fact, the Auditor General, for that matter.

Mrs. Stefanson: I thank the minister for going through that list. It is of note, and think should be made of note, that these recommendations were made in March of 2004. There are a number of these recommendations that have not yet been implemented. Some are sort of ongoing; some are partially completed, et cetera.

I'm wondering if you could indicate for the committee when the rest of these will be implemented in full.

Mr. Selinger: The member might recall that, when we debated this in the Legislature and in previous years, there was a re-establishment of an accountability unit, inside the department, with FTEs assigned to that. The accountability unit went out and put in place service purchase agreements. Those have been implemented, as I understand it, in well over—I think, in just about all cases, now—well over 90 percent of the cases. Those service purchase agreements have all the accountabilities in it in terms of reporting and performance measures, et cetera.

Without pretending to be the minister for that department tonight, I can say that from an auditing or a review point of view these measures have been put in place. When we get into Estimates, if you want specific information on a specific agency that we're discussing tonight, I'm sure the minister and deputy minister, at that time, would be willing to answer them for you.

* (19:15)

Mrs. Stefanson: I just wanted to respond to that. My colleague may want to ask further questions. I think, certainly, when we're going through this, and we talk about significant progress being made, and what we sort of started off with this as a review that was done four years ago with many of the things that came about even prior to 2004, I think it's incumbent upon the government to follow through with the recommendations in full.

So I would just like to put those comments on the record here. Certainly, we will follow up and have asked these questions in Estimates, but I think for the purposes of what we're here and doing tonight, I think, for the record, it's been a long time. This is why we go through these reports. You know, we need the time to go through these reports and make sure that things are implemented. I do find that it is somewhat alarming that, after a significant amount of time, you know, where recommendations are made from the Auditor General that are not followed through. So I, certainly, will be following up with the Minister of Family Services with respect to these questions, but would hope that the minister would urge his colleague, certainly, to follow through and make sure that those are followed through as well.

I did, sort of, ask as well about the review on the Student Records Section as well. If you could go through which recommendations have been implemented so far and which have not.

Mr. Selinger: Just on the comments that the member made on the last review of the child treatment centres, the department assures me that you will find that there's been very, very significant progress made on all the concerns you've got. We can give you details when you go to the departmental Estimates.

On the student records, there's recommendation one—there are basically three major recommendations. The status was as of March '08 and they're all listed as having significant progress.

The first one is that the department develop and enforce standards for school administrative software packages used by all providers of student mark records. I'm just going to give you an abbreviated version of the recommendation.

The second one, that the department develop and implement an action plan to collect and input all missing data.

The third one, that the department set clear goals, then develop and implement an action plan to redesign the EIS collection to enhance the accuracy of the data base and the department reports.

As I said, as of March this year that there's very significant progress on all three of those recommendations.

Mrs. Stefanson: Well, again, my question would be to the minister with respect to recommendations that, again, were made back in 2004, things like the second recommendation here that states that the department develop and implement an action plan to collect and input missing data. I mean, this is from four years ago and sometime prior to that where there, obviously, were red flags that came about. Again, I find it somewhat alarming that the government wouldn't have completed these actions to date.

I'm just wondering if the minister—again, I'm sure he'll say that, you know, maybe we should bring these up in Estimates. We certainly will, but, again, I would urge the minister to ensure that these are followed through upon. I mean this has been a long time. These are very serious recommendations that are made by the Auditor General that's gone through a very significant review process with respect to these areas. I would, certainly, encourage the

minister to see that these recommendations be followed through. Significant progress in some of these areas is just not enough, I think, at this stage after four years after a review.

Mr. Selinger: That was the view as of March '08. The view as of April '08, being today, from the senior official in the department is that he considers all of these recommendations fully implemented.

On the second one, the missing record information, if it's available from the schools, it is now fully available to the department. If it's not available from the schools, there may be some gaps, but all of the information that can be collected has been collected.

On recommendation No. 3, they're at the stage of actually doing training for the Educational Information System collection for the data base. So they consider that completely implemented as well. The first one, they also consider it completely implemented in terms of the software, the recording template instruction manuals.

*(19:20)

So that's the assurance I've been given. If you want details, you can have a full crack at it with the minister and the deputy minister and his senior officials at the standing committee, but that's the confidence being expressed by the department officials.

Mr. Borotsik: Through you to the minister, as was identified by the Auditor General, there were two sections of this review: one of them with the University of Winnipeg, the financial review, and the other one was with the review of the Crown Corporations Council.

I'd like to deal first with the University of Winnipeg Financial Review. There are some glaring issues that had to be resolved. I guess the question I have in the recommendations section; there were a number of recommendations that, in fact, would account for a better financial background for the University of Winnipeg. They were running and had been running deficit at that point. One of the comments was that there is no reconciliation process performed between the Estimates document, the budget document and year-end financial statements, which, for an institution of that size, really, is something that one would hope would be rectified within the last four years.

The recommendation that he used is quite substantial, and my question to the minister is: Can he please indicate as to the recommendations in this report, have they been followed up on and, certainly, has the University of Winnipeg got their financial house in order?

Mr. Selinger: The short answer to your sort of double-bear question is yes and yes. They have been followed up. They're fully implemented according to the information I have. Anecdotally, we heard earlier this evening from a senior person in the Auditor General's office that things are going a lot better over there at the University of Winnipeg and that—functioning a lot better.

We believe that to be the case, too, in terms of a departmental perspective. I don't know if you want me to go through each one and give you some detail; it's entirely up to you, but I've got a hit list here of all the recommendations. Every one of them has beside it implemented, or an alternative solution has been implemented to make sure that all of these things have been covered. I think this is one case where time has been on the advantage of the institution living up to all the recommendations.

Mr. Borotsik: Oh, well, in four years you can correct just about anything, I suspect. I do appreciate that, especially with the financial component. It's important that we have, certainly, accountability and that we know what's happening with all of those institutions. Certainly, the University of Winnipeg is one of those.

I guess the other department or the other audit that the Auditor General had indicated was the review of the Crown Corporations Council. I have to be very honest about this. I went through the recommendations. I went through the responses from all of the parties, and I have to admit if anybody has insomnia and wants to fall asleep very quickly, read this particular report because my eyes glazed over too many times. I suspect it was just me and my inability to understand it, but could the minister please indicate as to whether, again, the recommendations have, in fact, been followed up on, or is it the minister's suggestion, perhaps, that additional work may well have to be done on this particular Council?

It says, by the way, and I should preface that, in the conclusions it did say that the Council has provided a useful service, the government and the designated Crown. I preface that and, certainly, there is a need, as I understand in this report, for the

Crown Corporations Council, but have they, in fact, followed up on the mandate that has been identified in this particular review?

Mr. Selinger: I'd like to thank Rick for those questions and comments. I think, just by way of starting the—the Auditor General started out by citing the many strengths of the Crown Corps Council and I think that was sort of where we have to go to put the context here.

They said they had many strengths in Council performance, including: fostering two-way communication with designated Crowns and government ministers, and building trust and positive working relationships with them; building-up a good knowledge base regarding the general operations of the designated Crowns, the issues they face in the sectoral trends that affect them; remaining current on best practices in governance, planning, performance management, and administration, in order to provide government and the designated Crowns with advice and assistance; showing leadership and developing guidelines and recommendations for the designated Crowns to follow in relation to performance measurement and reporting. And, finally: preparing reviews of the capital expenditure proposals of the designated Crown.

You know, to put it in popular language, it wasn't broken when they reviewed it. It was functioning fine. So the recommendation—*[interjection]* and you did. You did acknowledge that and, really, what I'm doing is saying I'm agreeing with you.

* (19:25)

The recommendations were really—you could describe them as recommendations on what do you do next. I think the recommendations were really suggesting that maybe it's time to go back and look at the original legislative framework, which was really in '89, and look at whether tuning, fine-tuning could be done, further clarifications should be done and whether there should be a five-year review process sort of incorporated into the legislative mandate for the organization.

The short answer is that, in terms of legislation, the government hasn't prioritized it as something that they wanted to do at this stage of the game in terms of doing the legislative review, given all the other things we're doing that have a more burning relevance to the public.

This one's sort of an indirect agency. It kind of acts on behalf of the public to monitor Crown performance and they're doing a good job of it. I think we can say that the Crowns themselves have improved their performance over the years. They're doing a much better job of identifying their performance measures and reporting on them. They're doing a pretty good job in terms of the governance as well.

I take responsibility if you want to further the discussion around legislative change. We didn't make it the highest priority on the philosophy if it ain't broke, don't fix it right now. Fix the things that need fixing and come back to it when you have the opportunity to do that.

In terms of the rest of it, is it useful, is sort of behind your other question. Is it performing a useful function? I would say the short answer is yes.

Other jurisdictions don't have any of this, as you pointed out to me. Others have different models where they're more interventionist, more hands-on. I think, in the case of Manitoba, this legislation was put in place at a time when they wanted to have people from the community with certain types of large organization and business, and governance expertise, providing advice to the Crowns and how they could maximize their performance on behalf of the public. I think it's done that job quite well. I think it's been running quite smoothly.

So the question is where do you go next? We've identified that we think the place to go next is to move beyond fine-tuning performance measures to building capacity, organizational governance capacity. As I said earlier when we were meeting prior to the official part of the meeting, governance issues are central both in the private and the public sector across the country. There are many training programs that are being brought into place by business schools such as—if you flip open the *Globe and Mail* on the weekend you'll see all the graduates of their governance program from the Schulich's School of Business in Toronto. It's like a list of 100 people, usually with senior experience in government or the private sector that are adding value to the contribution they can make to the community by developing governance expertise.

We think we can do some of that here in Manitoba. We think the Crown Corps Council in partnership with the Auditor General's office and other organizations can add some of that value here.

We've asked them to move in that direction as well as maintaining their existing responsibilities.

Mr. Borotsik: I appreciate those comments. I agree whole-heartedly. The governance models have changed quite dramatically, certainly since this report has even been tabled. It's a living, breathing change in our structures, also in the private sector as well as the public sector. So I don't think anything stays status quo, and I don't believe that it was status quo since this report of 2004.

In that area, I would like to ask a question, if I can: In reading the document, I did notice that there was a fairly tight, concise, little group of individuals, the Crown Corp Council is. Can I just have, for my own knowledge, just the size of the corporation, how many employees there are? I know we have the chairman and the CEO. Can they just, sort of, give me a little bit of background as to what we're dealing with, the Crown Corps?

Mr. Selinger: The staff complement is five full-time equivalents. There has been some movement in the last year. Some people have gone on to other opportunities. I think there is some retirements on the horizon. So there is a, sort of, succession planning and replacement going on within the organization.

Mr. Borotsik: Are there any vacancies in that five FTEs?

An Honourable Member: There will be two this year.

Mr. Chairperson: Mister Minister. Mr. Borotsik.

Mr. Borotsik: Mister Minister, we are going to spend 10 hours together over the next three days, I guess we are going to have to learn this process all over again.

There will be two, I assume, meaning that those two vacancies will be filled, that the Crown Corps are looking at continuing with the same complement of staff.

Mr. Selinger: Yes.

Mr. Borotsik: Thank you.

Mr. Chairperson: Thank you.

Dr. Jon Gerrard.

*(1930)

Hon. Jon Gerrard (River Heights): I'd like to start by going back to the report that relates to the Child Protection and Support Services branch. My

understanding from the minister's comments that the recommendation that the Department obtain signed service purchase agreements from each of the CCTCs as soon as possible, what I heard, I think, from the minister is that about 10 percent of the CCTCs do not still have signed purchase agreements. Is that correct?

Mr. Chairperson: Dr. Gerrard, if I may. Thank you. Could you just identify, whether you're asking your question of the deputy or of the minister, thank you.

An Honourable Member: Of the minister.

Mr. Selinger: I'm going to ask him to repeat his question.

Mr. Gerrard: On page 50, one of the recommendations is: that the department obtain signed service purchase agreements from each of the CCTCs as soon as possible. I interpret the minister's response, when he was discussing this, to indicate that about 10 percent do not yet have signed purchase service agreements.

Mr. Selinger: There are four child-care treatment centres that are under reference here. One has a fully signed SPA; one is expected by the end of May; two have raised some objections about some of the components of it, and they're sorting that out through negotiations at the moment.

Mr. Gerrard: I wonder if the minister would clarify why, in four years time, that we still don't have, for three out of four, the final signed purchase agreements.

Mr. Selinger: Well, the short answer is that these agencies are of long-standing, functioning capacity in the community with their own boards of directors and have been providing service to the community with the resources from the department for many, many years. Organizations such as Marymount, for example, where, the member might know, formerly run and governed by a religious organization. They, themselves, are going through some of their own transitions in terms of governance, who governs them. Some of the religious orders are actually feeling that they're no longer able to have direct management of them or direct governance of them. So there is an ongoing relationship.

They also have other funders that they are accountable to. They are meshing that altogether, but on the service level, there is a relationship for service that's being provided with these organizations and the department, and they're sorting out the

relationship through the SPAs. It really relates to the fact that they're long-standing organizations and it takes a while for them to change how they specifically become accountable through an SPA.

Mr. Gerrard: I mean, it's a concern that in four years that we don't have signed purchase agreements in three out of four. Certainly, that's going to be fodder for us to raise in Estimates with the minister responsible. One would have expected that those would be in place, even given some substantive issues that have to be dealt with.

I'd like to come back to the Crown Corporations Council, if I may—

Mr. Chairperson: Dr. Gerrard, could we get the minister to respond to your—

Mr. Selinger: I just wanted to provide the member some other information about what's been occurring. In '05-06, I am informed that the department completed a comprehensive review of these agencies with a focus on rationalizing grant payments in universal funding models. So they were dealing with that at the financial funding model level, and that was, I think, a major component of the willingness of them to sign SPAs, whether they felt they were getting adequate funding for the demands they've got. As the member knows, the demands have changed dramatically in the last several years.

Mr. Gerrard: I thank the minister. I'd like now to move to the review of the Crown Corporations Council, and in recommendation on page seven, recommendation 2: If government decides not to undertake a comprehensive review of the act that it consider amendments to the act to—and there's a whole list of amendments.

Can the minister tell us to what extent that recommendation No. 2 has been implemented?

Mr. Selinger: Yes, I indicated earlier that we have not changed the legislation, and that's entirely my responsibility as the minister. As I said earlier, we thought, generally, the review done by the Auditor General showed the organization to be doing a good job and having positive relationships with the Crowns, which is yielding, in just about all cases, more than adequate information for them to do their job. Where there hasn't been fully adequate information, we've gone out through the Crown Corps Council and negotiated the receipt of adequate information.

* (19:35)

So, in a practical way, the Crown Corps Council has fulfilled its mandate, and this, therefore, was not one of the highest priorities in terms of legislative change. We've been bringing forward many other legislative proposals through my department that touched on issues more relevant in the community at the moment, such as payday lending, gift cards, consumer lending, cheque cashing, cost-of-credit disclosure, a variety of measures in the consumer protection area, as well as the normal budget bills that we do every year.

Mr. Gerrard: I would refer, particularly, to the, under c), the last point where it says: that designated Crowns maintain a record of each complaint received from the public, how it was investigated, the resolution and the reasons for resolving the complaint in the manner selected.

I would ask what has been done in terms of implementing that.

Mr. Selinger: Well, right now, anybody can make a complaint about a Crown to the Crown Corps Council, and then the Crown Corps Council will look into that and see what can be resolved on that.

This actually is a slightly different recommendation. It's whether the Crowns maintain their own record of complaints.

In 2000, Council staff did a review and concluded that the Crowns are maintaining appropriate records in resolution of complaints as required in subsection 24(1). So they did follow up on that and ensured that the proper procedures were in place to both document and record and keep a record of what's going on with respect to complaints vis-à-vis the Crowns.

Mr. Gerrard: Just which year was that? I thought you said—

An Honourable Member: 2000.

Mr. Gerrard: I mean, this audit was done after the year 2000.

Mr. Selinger: Even prior to the audit the proper procedures were deemed to be in place through Crown Corps Council's normal follow-up procedures.

Mr. Chairperson: Dr. Gerrard. I think we just have to slow this down a bit.

Mr. Gerrard: I mean, unless I'm unusual as a MLA, I suspect many MLAs get complaints, particularly with regard to the handling of issues around MPIC,

which is one of the Crowns here. I mean, I would be very interested to the extent to which these complaints are logged and attention is paid to these complaints.

Mr. Selinger: I'm informed by the CEO of the Crown Corps Council that he felt that the Crowns had a robust system of documenting complaints, but, in specific respect of the MPI, you will note that a few years back I brought forward new legislation to set up a Claimant Adviser Office. This was supported by the critic from the Conservative party, Mr. Faurschou. He'd been pushing for this for many years.

So we actually have a fully functioning office now that allows members of the public that have concerns about how they've been treated by MPI to come and get advice from an advisor who will actually work with them and advocate, if necessary, to MPI to improve their services, to improve the kind of treatments they get and the other benefits they get. So we've actually put in place a fully-functioning Claimant Adviser Office, which parallels the office that's available for peoples that have Workers Compensation issues. They have an advisor's office—a Worker Advisor Office.

So that office is up and running. There's lots of demand for the service. There's been a steep learning curve to master all the intricacies of the MPI act, and, in particular, to deal with the lawyers from MPI, who specialize in fending off complaints from the public and dealing with complaints from the public.

So we have a whole new system in place for the first time in the history of the province to help members of the public access resources to challenge MPI decisions without having to go through courts and expensive lawyer's bills.

Mr. Gerrard: I would suggest that having put a whole new system in place would be all the more important to follow through on this recommendation from the Auditor General, because you want to make sure that the system is actually achieving the goals that it should be achieving. I mean, I would actually ask the Auditor General, if I may, to comment specifically on this recommendation and the intent. Can you comment?

* (19:40)

Ms. Bellringer: My understanding of what the recommendation is getting at is just saying that in the act, as it's currently written, that the Council has the responsibility for doing these things. I didn't write

the report. I am assuming that at the time that this was done that that wasn't the case or it wouldn't have been in the recommendations. Yes, I'm getting a nod from the staff. Hang on just one second. Excuse me.

The provisions that are listed in the recommendations are listed in the act, but they're not assigned to anyone in particular as to who should be monitoring that. The recommendation was that the Council be doing that. I don't know, we haven't done an update to know what the progress has been.

Mr. Gerrard: I would suggest that this is a recommendation, based on what I see coming to my office, that would be very important to follow through to make sure that the new system that's been put in place is actually functioning the way it was intended. I think that the oversight by the Crown Corporations Council in this area is, obviously, of particular importance.

I would like to move on to one other point. A number of us, and I think quite a considerable number of Manitobans were rather disturbed in the last few months to learn that Manitoba Hydro had not adequately looked at the option under Lake Winnipeg and the technology for doing hydro transmission lines under Lake Winnipeg at present.

The issue here is the function and the ability of Manitoba Hydro to be at the forefront. This is one of the Crown corporations monitored by Crown Corporations Council. I think that it raises issues around the monitoring by the Crown Corporations Council of Manitoba Hydro. So that's why I'm raising it here, and I would ask the minister to respond.

Mr. Chairperson: No. I'm sorry, Dr. Gerrard. That is a policy question and we have agreed that this committee will deal with administrative questions and not policy questions. Policy questions can be asked in other forums and other committees.

We are going to keep these questions to an administrative nature so that the committee can function in a better way. However, there's always room for a minister to volunteer, if you like, to comment, but I don't want us to go into the area of policy issues because that leads us down the slippery slope of not fulfilling the objectives that we were mandated with in this committee.

Any comment, Mr. Minister?

Mr. Selinger: Thank you for that protective statement, Mr. Chairperson, and then throwing me to the lions right after that.

Mr. Chairperson: You had your hand up.

Mr. Selinger: I did and I appreciate you giving me the opportunity.

Look, the question you're raising with respect to Manitoba Hydro, whether they should have looked at this other alternative, it's a fine question. I posed it myself to Manitoba Hydro as the minister that they report to, have you looked at it. As you know, they were very sceptical about that being a cost-beneficial solution in Manitoba. They felt it had never been tried in these types of circumstances. Most of us are aware that underground cable has been laid in ocean situations in other parts of the world, but Manitoba Hydro, at the time, felt it was a bit beyond their scope of reference to consider that. They didn't see the technology available to do that.

That being said, we've had some very good research done by one of our citizens, whom we both know, Dr. Ryan, a retired geography professor from the University of W. He wrote some compelling articles that put it on the public agenda. Based on that, I asked Hydro to take another look at it. I brought them together with Dr. Ryan to have a dialogue about that, and Hydro has followed through by engaging independent technical consultants to look at this matter, Teshmont.

I've also asked Manitoba Hydro to keep John Ryan engaged through this process to monitor it, and he's doing that, diligently, I might add. I think that that's the best way to proceed. I credit Manitoba Hydro for being willing to consider it after it got on the public agenda and being responsive to my requests, as well as the requests of others such as yourself, to give it serious consideration. That's what they're doing.

*(19:45)

I also suggested that, rather than just do it in-house, they get some independent expertise to do that so that people wouldn't say that they're giving it short shrift. We'll see how that process unfolds. There are a couple of things I'm confident about, that Teshmont will do a good job, and that, if they don't, John Ryan will tell them, and he will tell them what they're missing. So, I consider that to be a healthy dialogue. I made it very clear to both the chairman of the board and the CEO that I want them to take Professor

Ryan's ideas seriously and to give them full and due consideration.

Mr. Chairperson: Thank you. Mr. Jha. Oh, I'm sorry, did you have another question?

An Honourable Member: Yes, I have one more.

Mr. Chairperson: Okay, Dr. Gerrard.

Mr. Gerrard: My attempt was not actually to get into policy, but to see whether there was a problem in terms of the operations of Manitoba Hydro. But, we'll leave that.

But I would like to ask you just about a recommendation under c), the second dash: to hold a public meeting at least once in each year in Winnipeg and at least two other centers, including one in northern Manitoba and one elsewhere in Manitoba, as determined by the board.

I'm just wondering whether that's happening.

Mr. Selinger: I don't have the data in front of me. I didn't expect to be doing that particular Crown corporation tonight, but I'll get that for you.

Ms. Bellringer: Mr. Chairman, there's just one comment I wouldn't mind adding to the whole monitoring process, because it's something that comes up a number of times. It comes up in other scenarios.

When there's an organization that's been through the act, or through a regulation, or through some other mechanism and asked to do something, we often get into the discussion of how much layering of monitoring does one have to put on the system? It comes up all the time.

In this particular case where we made the recommendation that Council or some other mechanism—it doesn't have to be Council, that's where you get into the policy debate as to what framework do you want to pick, and how do you want to get that monitoring done. We don't always say. It doesn't have to be something that's checked all the time, every year, every instance, and it can be something that's done periodically. It can be something that's done, even asking the audit function, whether it's internal audit or ourselves to do certain things.

So, just in terms of what this was getting at, I think it's important to just emphasize that monitoring can take many forms and the one recommended was to consider using the Council to do some of those things. The initial expectation that whatever

organization's been given the responsibility to do something, that they're actually going to do it in the first place, then the monitoring is something layered on top of that to ensure that it actually has taken place.

These are the higher-risk areas that would, indeed, be important to know it's happening, but how you get that information can vary.

Mr. Chairperson: Thank you. Mr. Jha.

Mr. Bidhu Jha (Radisson): No, I have nothing.

Mr. Chairperson: Oh, I'm sorry, I thought you had your hand up for a question.

Mr. Jha: No. Thank you.

Mr. Chairperson: Okay. Thank you.

Mrs. Stefanson: I just have a couple of questions for the Auditor General based on my line of questioning earlier of the minister with respect to the compliance audits and, in particular, in the Family Services and Housing as well as the Student Record Section.

In your opinion, is the progress that has been made—I mean, after four years here where not all the recommendations have been completed to date, is that satisfactory, in your opinion?

Ms. Bellringer: Mr. Chairman, it's probably one of the hardest questions to answer. We, obviously, encourage more rapid implementation of everything. We encourage everything to be fixed before we even issue the report. The objective of writing and doing the audit is to make sure that those improvements take place.

So speed is important, but, of course, I appreciate as well there are sometimes complications, and some of them are not always within the control of the department which is trying to make those changes. I do appreciate with the SPAs, and it went from the dismantling of the grant accountability unit and then the reconstruction of it. I think that the time it's taken to get through a number of those, we've certainly seen that in, not just these SPAs, but in others. But it has taken some time to get there, and it is a process of negotiation in many cases with the individual entities. So I know that isn't something that can be done quickly and overnight.

The four-year period is starting to get long. Some of them are eight years, and that's really long. So, we would encourage more rapid implementation as well.

* (19:50)

Mrs. Stefanson: Could you just indicate, and this is maybe more for my own interest, but how does the follow-up go with respect to recommendations that are being made within your office? So this report came out four years ago. At what point—like, what's the follow up process with respect to the recommendations?

Ms. Bellringer: We have a standard process of following up every audit three years following the issuance of the report, and then every year thereafter. We did hold back on the most recent one, which was prepared last year, because there were some fairly significant recommendations in there that we felt needed to be updated so that by the time that the report came to you, it was current information.

So we're going to speed the process up and you'll get a rather massive one this fall—we'll be doing the work in the fall, so it'll be issued later in the year—that will update you on everything up to anything issued three years prior to, basically, today, with an update. We're requesting an update as of June, '08, so that by the time you're getting the report in your hands, the information will only be about six months old, otherwise it was going to be two-year-old information, which we didn't think was relevant.

Mrs. Stefanson: Just with respect to this report that was done in 2004, am I correct to understand that, probably three years after that, like 2007, there would have been a review that was done at that time? What were the recommendations made by your office, at the time, with respect to the area specifically that I'm talking about with recommendations that were made three years prior?

Was it to follow-up and make sure that those were done, and what kind of a response did you get at that time?

Ms. Bellringer: Mr. Chairman, that's the report that we held back on. But, having said that, the area that we had looked at in some depth then, and we didn't issue this, but we do have the information on the University of Winnipeg. On that audit we saw most of the recommendations implemented. The alternative solutions were acceptable and those were implemented. There were two areas where there was some progress. Really, it had to do more with quarterly variance analysis and those were also being worked on, and we saw the progress there to be acceptable.

The other one that we had looked at was the accounting in the municipalities. That one, as well, we were satisfied with the progress being made there.

Mr. Chairperson: Thank you. Any other questions?

Mr. Kevin Lamoureux (Inkster): I just have one quick follow question and that's regarding the Crown Corporations on page seven. If you go to 2 c) and the fourth dash down, where it indicates that the Crown Corporation Council: that the chairperson of the corporation forward to the minister responsible for the corporation after each meeting of a board, the chairperson's report of the business transacted at the meeting with supporting documentations for every decision recorded in the minutes of the meeting. Can the minister indicate whether or not that's actually been happening? The second part to the question would be, how often does the board actually meet?

Mr. Selinger: The answer to your first question is, yes, I do get reports of what happens at the board meetings. I get a summary of their discussion, decisions. They meet at least seven times a year at a minimum.

Mr. Chairperson: Thank you.

Auditor General's Report, A Review of Crown Corporations Council and Compliance Audits dated March, 2004—pass.

Prior to our adjournment, I would ask the Clerk to hand out the list of reports that are outstanding, ones that we have considered, but not passed yet, also those that have not yet referred to the committee, so that list will be made available to everyone.

* (19:55)

The hour being 7:55 p.m., what is the will of the committee?

Committee rise.

I would appreciate it if members before they leave would perhaps would take your copies with you because this is now passed. We don't need it any longer. Thank you. Committee rise.

COMMITTEE ROSE AT: 7:55 p.m.

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