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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, September 9, 2009

TIME – 7 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Leonard Derkach (Russell)

**VICE-CHAIRPERSON – Ms. Jennifer Howard
(Fort Rouge)**

ATTENDANCE – 11 QUORUM – 6

Members of the Committee present:

Mr. Borotsik, Mses. Braun, Brick, Messrs. Derkach, Dewar, Ms. Howard, Messrs. Lamoureux, Martindale, Maguire, Ms. Selby, Mrs. Stefanson

APPEARING:

Hon. Dave Chomiak, MLA for Kildonan

Hon. Nancy Allan, MLA for St. Vital

Hon. Jim Rondeau, MLA for Assiniboia

Mr. Cliff Graydon, MLA for Emerson

Mrs. Mavis Taillieu, MLA for Morris

Mrs. Leanne Rowat, MLA for Minnedosa

Ms. Carol Bellringer, Auditor General of Manitoba

Mr. Jeff Parr, Deputy Minister of Labour and Immigration

Mr. John Clarkson, Deputy Minister of Science, Technology, Energy and Mines

Mr. Hugh Eliasson, Deputy Minister of Competitiveness and Training

MATTERS UNDER CONSIDERATION:

Auditor General's Report – Dakota Tipi First Nation Gaming Commission and First Nation Gaming Accountability in Manitoba dated March 2003

Auditor General's Report – Audit of the Workplace Safety and Health, dated February 2007

Auditor General's Report to the Legislative Assembly – Audits of Government Operations,

dated December 2008: Chapter 4, Compliance with Oil and Gas Legislation

Auditor General's Report – Special Audit: Image Campaign for the Province of Manitoba, dated October 2007

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Mr. Chairperson: I ask the committee to come to order. Good evening, ladies and gentlemen.

This meeting has been called to consider the following Auditor General's reports: No. 1, Dakota Tipi First Nation Gaming Commission and First Nation Gaming Accountability in Manitoba, dated March 2003; Audit of the Workplace Safety and Health dated February 2007; Audit of Government Operations, dated December 2008: Chapter 4, Compliance with Oil and Gas Legislation; Special Audit: Image Campaign for the Province of Manitoba dated October 2007.

A couple of things before we get started, ladies and gentlemen. One is the—an issue has arisen regarding which room we should use in the future for committee meetings. Room 254 has a larger table for witnesses to sit at and it would probably be more comfortable for all committee members if we were to utilize that room. And I was looking for your consideration in us changing rooms in the future and if it is agreed, then the next meeting would be held in Room 254. What is the will of the committee? Agreed? *[Agreed]*

I thank you for that.

The second issue is with regard to reporting to the Legislature from this Public Accounts meeting. As you know, the conference—the public accounts conference—is going to be held in Edmonton next week. Both the Vice-Chair and I will be away and we were wondering whether the committee would consider having the report to the Legislature made after we return from the conference. *[Agreed]*

I thank you for that as well. That's providing we pass some reports, of course.

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

Mr. Rick Borotsik (Brandon West): I would suggest, Mr. Chair, if agreeable to the committee, that we sit until 9 o'clock, and at that time review as to whether there should be some additional time.

Mr. Chairperson: Agreed? *[Agreed]*

Are there any suggestions as to the order in which we should consider the reports?

Mr. Doug Martindale (Burrows): Mr. Chairperson, I recommend that we consider them in the order they are printed in our agenda.

Mr. Chairperson: Agreed? *[Agreed]*

So, the first report we will be considering is the Dakota Tipi First Nation Gaming Commission and First Nation Gaming Accountability in Manitoba, dated March 2003. And I would like to ask the minister and his staff to come forward, and I'll ask the minister if he would introduce his staff that he has in attendance.

* (19:10)

Mr. Dave Chomiak (Minister Responsible for the Administration of the Gaming Control Act): Thank you, Mr. Chairperson and members of the committee. Who would have thought we'd have a night like this in September?

I'm joined by Rick Josephson—son of Joseph—the executive director of the Manitoba Gaming Control Commission, and also Liz Stein *[phonetic]* who's also available for questions, and I have some opening remarks for the committee if that's acceptable.

Mr. Chairperson: Mr. Chomiak, thank you for introducing your staff. The practice that we have been following is that we would ask the—first of all the Auditor to make an opening statement and then also the deputy minister to make an opening statement, and we have agreed as a committee to dispense with opening statements from critics or ministers—*[interjection]*

In this case we don't have a deputy. What is the will of the Committee? Would you like—since we don't have a deputy in this instance, we have—is it the executive director of the Gaming Control Commission with us this evening. Would the Committee then consider allowing Mr. Chomiak to make an opening statement?

Mr. Borotsik: I would also suggest that the executive director could also have an opening statement. He certainly would be much more aware of the report than I would suspect the minister. But

the minister certainly could have one as well as the executive director.

Mr. Chairperson: It should be made known to the committee that that is outside of the rules. But if the committee agrees then, of course, the executive director would be allowed to make an opening statement. That does not set precedent; it merely allows it for this meeting.

So what is the will of the committee?

Ms. Jennifer Howard (Fort Rouge): I think we'll just—I accept that it would be fruitful to have an opening statement from the executive director, but I think we shouldn't tamper with the rules outside of a fuller discussion than we have time to have tonight. So that's going to be useful tonight. So I would suggest that we just proceed with the honourable Minister Chomiak providing an opening statement.

An Honourable Member: Agreed.

Mr. Chairperson: Is that agreeable then? *[Agreed]*

Mr. Kevin Lamoureux (Inkster): Yeah, Mr. Chair, I'm comfortable with that, but I think we should still have the provincial Auditor followed then by the minister, but it's the clear the reason why the minister is giving the opening statement is because the deputy minister is not here. Otherwise it would have been the deputy minister. Just for—in concurrence with that, that would be nice to hear.

Mr. Chairperson: Well, the members of the committee, thank you Mr. Lamoureux. This is one of the processes that we're dealing with and at this point in time, we do not have provision in the rules or in our practices to allow for executive directors to make opening statements. So, therefore, because there is no deputy minister for gaming, that is not permitted.

So we will proceed then with the Auditor General making an opening statement, and then I will ask the minister to make a statement as well. So, Madam Auditor General.

Ms. Carol Bellringer (Auditor General of Manitoba): Well, thank you Mr. Chair. I will be brief with all of these reports under review tonight.

This report as you pointed out was issued in March 2003. The period under review was January 1, 2001, until such time as all game activity ceased on the Dakota Tipi First Nation in early August 2002. The audit looks at two areas. We reviewed the operations of the Dakota Tipi Gaming Commission and the on-reserve gaming revenues, of which

include charitable gaming and VLT gaming proceeds, and we reviewed the First Nation gaming governance and accountability framework in the province. I'll point out that there was a follow-up done following that audit in March 2009 which we've now released to the Legislature. It's not on the agenda tonight but it does include an update from subsequent to the March 2003 report, and it does get into a description of a number of recommendations which have been implemented since then and also some significant revision to The Gaming Control Act.

Mr. Chairperson: Thank you, Madam Auditor General.

Mr. Chomiak: Yes, thank you, Mr. Chairperson, members of the committee, and for all the people attending tonight and the Auditor and staff. Thanks for this opportunity.

As the Auditor indicated, the 27 recommendations were made by the Auditor with respect to the initial report. Essentially, all 27 have been addressed. At the core of it was the amendments to The Gaming Control Act, which were proposed in 2003 and implemented on proclamation in May 2005. The OAG suggested changes to each of the gaming commission agreements to improve transparency and accountability, and, as the Auditor indicated in our—well, as we are aware, we chose to legislate all of those issues to provide immediate and consistent application of the rules of the commission and municipal licensing authorities. The members, I think, will understand that, by virtue of legislation, we've made it much stronger in achieving the same goals, which are to deal with financial recordkeeping of report preparation and accountability transparency.

One outstanding recommendation by the OAG related to oversight by MGCC for conflict of interest policies, and while that's—we recognize the merits of these policies, we felt that the governance oversight issue is beyond regulatory authority and addressed to improvements in local governance. As such, new accountability reporting measures were mandated under the act, regulation and registration terms and conditions to direct and enhance transparency of decision making by community leaders.

We'd like to highlight the fact that there has been improved transparency and accountability for First Nations VLT operations and First Nations gaming commissions in the organizations that they license by

directing appropriate recordkeeping, the preparation and submission of annual financial information and related supplementary reports to the MGCC, that is, the Manitoba Gaming Control Commission. This has achieved the regulation and administrative terms and conditions that are supported by overarching compliance activities which include audit, inspections, training and education and investigation.

As a direct governance accountability measure, First Nations VLT site holders are now required to publish details of VLT revenues and disbursements for the information of all members of the First Nation. Additionally, where First Nation has a gaming commission, its annual financial report must also be made available to the community. This report details a distribution of the charitable proceeds from licences issued by the First Nations gaming commission, which is a direct public accounting mechanism.

In addition, and finally, MGCC is now able to impose penalties for failure to comply with statutes, regulation and responsible gaming policies in terms and conditions of a licence. Registration of approval, for example, MGCC may now suspend a VLT site holder registration which would result in immediate shutdown of the machines. We're happy to report that MGC has not had to resort to this, but we do have a cascading series of powers that allow us to do that.

With those notes and notification that all of the recommendations have been implemented with the exception of the matter that I outlined earlier, I am available myself or through the staff to answer any questions you might have.

Mr. Chairperson: Thank you very much, Minister Chomiak. The floor is now open for questions.

Mr. Cliff Graydon (Emerson): Mr. Chairman, my question will be directed to the executive director, Mr. Josephson.

Mr. Chairperson: Just a point of order, Mr. Graydon, our rules do not permit questions of the executive director, so I would ask that you direct your questions to the minister, please, or the Auditor, for that matter.

Mr. Graydon: Fine. Thank you. Mr. Chairman, thank you for that.

Mr. Minister, the Province can terminate the agreements with First Nations gaming commissions. They could and can terminate those agreements at

any time, but the Province chose not to do that in the situation with Dakota Tipi First Nation. The ability to suspend did not at the time lie with the Manitoba Gaming Control Commission. Why didn't the Province take responsibility and suspend Dakota Tipi when it became clear that problems existed as early as March of that particular year? The Province claimed that its ability to respond quickly to allegations was severely limited; however, the Province had the ability to terminate the site holder's agreement on a seven-day notice.

Can the minister explain to this committee why that wasn't done?

* (19:20)

Mr. Chomiak: Yes, I hesitate to actually respond to the particular question. I think the regulatory framework that would have been put in place by a previous administration that was followed by our administration provided certain measures that, as a result of both complaints came forward and reviewed by the Auditor and reviewed by accounting firms, resulted in our changing the legislation to the effect, as I indicated tonight, that 27 of 27 recommendations have been fulfilled.

Shortcomings, by experience, that occurred as a result of a previous government's entry into that type of activity in business, and I think, as we've learned in the PAC committee and as we learned in other committees, when difficulties are encountered, regardless of who is responsible in government, it's that government's responsibility to take hold of the matter and resolve it. I think quite clearly, very clearly, from the reports that are in front of you today by the Auditor that the legislation, the follow-up, the measures to put in place, have resulted in a vastly superior regime in place for licensing and for activities, and I think that's the significant factor as a result of the Auditor's recommendation.

Having said that, I could go on for some time because I know that this matter went on for some time in the Legislature, but I'm glad we have a committee like PAC that's able to review Auditor's reports and review both recommendations and follow-ups in a non-partisan fashion to ensure that the entire—that matters are looked at in a forthright fashion, and we don't have to get into the kind of sometimes endless speculation that occurs in other forms in places in this Legislature.

Mr. Chairperson: Before I entertain any other questions, I'm going to caution both sides. We have

progressed fairly significantly in dealing with these matters at PAC in a very non-policy oriented way. Policy questions and policy answers are not for this forum, and if we are going to continue to progress in this committee, I'm going to encourage that we deal with the accountability measures that have been taken by either, in this case, the gaming agency or by a department, and let's not go down the slippery slope of getting into policy issues and political issues, if we can.

So I caution both sides and so let's take another stab at it. It's not a good way to start the PAC committee tonight. So let's start another question, and so I'm hoping that the caution has been noted. Thank you.

Mr. Graydon: Thank you for that caution, Mr. Chairman, and I will try to honour what you're asking for.

Is the minister—the question I have then: Is the minister satisfied that the VLT revenues being consistent, consistently used to benefit the community, as per the Auditor General's recommendation. Is there any legislative requirement that the VLT disbursements be used to benefit the community, and, if not, why not, and if so, how are you enforcing it?

Mr. Chomiak: While the agreement between the community and Manitoba Lotteries provides that it should be used for broad community purposes, but, as you will note, the significant amendments in the act that require both posting of disbursements, et cetera, are now a requirement and are made public so that the community is aware of where those disbursements are, and there is ability to track them, to review them on a yearly basis.

Mr. Graydon: Mr. Minister, can you explain to us this evening how you do the tracking and who's enforcing this?

Mr. Chomiak: Yes, thank you, Mr. Chairperson. I'm actually been quite impressed with the—not quite impressed, extremely impressed with the operations of the Manitoba Gaming Control Commission in terms of tracking and follow-up. They have an audit department that looks at all of the annual reports that come in and do—and have follow-up on any questionable or any matters of concern.

Like any operation, I suppose it's valuable but certainly requires statements that are followed and tracked by the audit department for the Manitoba

Gaming Control Commission which is a significant improvement as a result of the auditor's report.

Mr. Graydon: Mr. Minister, I still need a better understanding of how exactly you track this. Can you give me a better example that I would understand? How you track it other than someone on that particular commission, on that particular reserve, files a report. Have you some way to verify those numbers?

Mr. Chomiak: Of course we do and it's more elaborate than indicated and—so all the VLT site holders have to be registered by the Gaming Control Commission and they must meet all the requirements. It monitors the agreements through a series of registrations and agreements that provide for registration and certain factors that must be—information that must be provided.

Every register must publish an annual report of the VLT game year with aggregated amounts of money wagered, prizes awarded, expenses incurred including administrative expenses, net proceeds disposed of and revenue retained by the shareholder and the name and address of each recipient of any net proceeds and the amount received by each. The report must be published and a copy provided to the commission on or before the 120-20th following end of the fiscal year.

The registrant must have a separate bank account for the deposit of all VLT revenues. The registrant must maintain separate deposits for all VLT revenue and the registrant must pay out all expenses and disbursements directly from the VLT account. The register of the VLT site consents to the co-operation and release to the commission any information in its possession about the site holder and its VLT gaming upon request from the commission.

The registrant must retain those records; it's to support the information as previously indicated. It must retain all sourced documents necessary to support the report's contents for not less than three years after the report is made. The registrant must make all relevant records available for inspection, examination and audit by the commission. The commission has seven independent inspectors who are available to do inspections.

The executive director may, in writing, direct how any records must be kept. Any registrant who is guilty of an offence is liable on summary conviction to a fine of not more than \$250,000. Knowingly furnishing false information in the application for

registration as a site holder constitutes an offence. The failure to comply with all terms and conditions constitutes an offence. And when the offence committed under this act can be guilty of an offence and can be fined up to \$250,000. In addition, the registrant must not obstruct, hinder, or make a false or misleading statement and they must give any cause, person—anyone or of an inspector the reasonable assistance to enable the inspector to carry out his or her duties and furnish the inspector with specific information.

And in addition, on the Web site of the Manitoba Gaming Control Commission is a report guide that's a pretty extensive document that indicates how the site holder should prepare their report. It's a pretty extensive accounting reconciliation and transaction document that's available on the Web site.

* (19:30)

Mr. Graydon: I'm fully aware of the recommendations by the Auditor General, and I'm quite aware of the regulations that you've put in there. What I have some difficulty understanding is how you can say there was \$10 went through there, and there was a \$5 winner on Wednesday, October 19. That is where I'm kind of lost in this, and so I use that simple example. The checks and balances in place to check whether the bookkeeping is accurate or not is what I haven't been able to understand and you haven't been able to answer to my satisfaction.

However, moving forward—moving forward, then, part of the question that was asked originally was the disbursements were to be used to benefit the community. Is there checks and balances in place to do that?

Mr. Chomiak: Yes, thank you. Broadly, the committee, like any other corporate organization, we don't tell them how to spend their money, but they have to account to their shareholders in their organization for how the money is spent as a community, as any public entity is required to do. It's similar to that required of a legion or a community centre or a First Nations.

Mr. Graydon: Mr. Minister, has there been any infractions of the rules and regulations of the reporting of the VLTs, the income, and, if so, has there been any penalties assessed?

Mr. Chomiak: Yes, thank you, Mr. Chairperson. I'm not aware of any penalties that have been assessed with regard to, with regard to VLT revenue disbursements.

Mr. Graydon: Mr. Minister, has their been any infractions reported or discovered?

Mr. Chomiak: Numerous allegations come in and are forwarded to the Gaming Control Commission, who does reviews and follow-ups on a whole number of VLT and gaming matters and are followed up with and dealt with, either through the enhanced powers of direction that have been provided for in the act, or the assistance that's been provided in the act, or the education that's been provided in the act, or the withholding of licences that's been provided in the act, and that has, that is the process that's followed.

Mr. Lamoureux: Just a few follow-up questions. And if I can generalize it a little bit, because, given that this particular Dakota Tipi First Nation was actually established in '94, and then, with the report, and even the date of the report, what I'm kind of interested in is to what degree does the gaming commission do on-site checks? Just as a—is it done on a spontaneous, in a spontaneous way? I suspect we've have a number of other gaming commissions since 1994. How do we ensure that there's some sort of follow-ups physically on site to prevent things of this nature from potentially happening in the future?

Mr. Chomiak: Every site has an annual on-site inspection for every gaming year, as well as any complaint is followed up on by the commission. And then, of course, if there's any further allegations, et cetera, then you need to—they can be forwarded to the appropriate authorities. But the annual report for the Manitoba Gaming Control Commission indicates the compliance and follow-ups, et cetera, and it's done on an annual basis and reported publicly.

Mr. Lamoureux: Much like Revenue Canada will receive millions of income tax forms throughout the year, they do spontaneous checks and verifications of some of the forms that come in. To what degree would the gaming commission do likewise, of any of the jurisdictions that it would be responsible for? That would include even, you know, the publicly run casinos. Is there a verification process? Again, is that done on a spontaneous fashion or is it done only if there's a complaint that would be launched?

Mr. Chomiak: Yes, there is. There is spontaneous inspections, and inspections that occur on a regular basis that are not prompted by complaints or by annual reports, yes.

Mr. Lamoureux: Yeah, and then—finally, with the complaints that are brought forward, is it safe to assume that the reason why there is no penalty being

assessed is because those responsible are, in fact, taking the actions that are being requested, that are, in fact, the gaming commission is asking the different commissions to address issues that are being brought forward? Is that a safe assumption?

Mr. Chomiak: Well, in fact, there's some sites that licences have been suspended and licences have been reinstated and licences have not been granted because of issues related to complaints. The complaint—there's the annual reporting structure and then there's complaints, and if there's a compliance issue, the gaming control commission will work with the community to deal with a particular difficulty. If that difficulty cannot be remedied, or is not remedied to the satisfaction of the gaming control commission, then a severe, sterner action will take place, which will mean a non-issuance or suspension of a particular licence. And that has occurred and that continues to occur.

I think there's been a learning curve over the period of time over which gaming has occurred and we're still part of that learning curve, where organizations and entities have developed more sophisticated means of accounting and more sophisticated account—and part of it is, of course, as a result of the legislation and the reports that had been put in place. So, but, the compliance, in terms of gaming agreements, has been improving very well, so that, as of now, there's only two or three that are non-compliant, or have difficulties that we're still working on.

Mr. Graydon: Mr. Minister, the Manitoba government has also established a review committee with the Assembly of Manitoba Chiefs to review First Nations gaming in the province. Part of this review was to include the potential for a province-wide First Nations gaming commission that would serve as a licensing body and would oversee all First Nations gaming in the province, as recommended by the Auditor General in this report. Manitoba is working in this partnership with the Assembly of First Nations to achieve this. Was this done and what is the status of the recommendation, and is it working?

Mr. Chomiak: Yes, it was. It was reviewed. It's cost prohibitive and we're not proceeding with it at this point.

Mr. Graydon: Mr. Minister, the MGCC staff indicated that there were potentially 10 to 14 First Nations who were conducting illegal gaming activities. The RCMP have been made aware of this

illegal activity. What steps has the MGC taken to address this? I'd like the status of the report, and have the RCMP provided you with an update?

* (19:40)

Mr. Chomiak: There's no instance that I'm aware of at this point where the RCMP have provided any update with respect to any investigation that has been—that it's reviewed, and I can assure the member that should the RCMP do that, the Legislature would know.

Mr. Graydon: Mr. Minister, you indicated earlier that there's been a number of complaints from, over a period of time, that there's been wrongdoing and you looked into those, or dealt with them as things went forward. However, did you at any time involve the RCMP with any of these investigations?

Mr. Chomiak: I want to answer that question in three, sort of, sections. First, because of my role as Attorney General and gaming control—gaming commission minister, I have, I do not undertake investigations in anything that's of a nature that could fall within the bailiwick of investigation by RCMP. It takes place by RCMP and is reported by the RCMP so I don't work with the RCMP in that regard. The RCMP undertakes investigations. MGCC undertakes investigations and if a matter proceeds into a criminal area or suspect criminal area or is suspected of requiring the expertise or the knowledge of the RCMP, then it is referred to the RCMP by the MGCC, whether it's through my office as AG or through the MGCC.

Mr. Chairperson: Gentlemen, once again, we're not here to examine whether or not the Attorney General is doing his job or the minister responsible for gaming. Rather, we're here to examine whether or not the commission is conducting its administrative affairs in accordance with the recommendations of the Auditor General. So I ask you once again to confine your questions and your answers strictly to administrative matters which are in the realm of responsibility of the Gaming Control Commission and the gaming agency.

Mr. Graydon: With the thought that there is a supplementary report or a report on the same Dakota Tipi gaming commission that will come out in 2009—it hasn't been tabled at this point—some of the questions that would probably—that I have not had an opportunity to see, some of the questions that we're asking now may well be redundant. Perhaps at this time we could wrap this up and carry the questions

forward to the next committee meeting when the 2009 report is tabled at PAC. So in saying that, thank you very much, Mr. Chairman.

Mr. Chairperson: Thank you, Mr. Graydon. Just for the information of the committee, the 2009 report has been tabled but it has not been referred to this committee yet. It has been tabled as a chapter rather than a report in itself, but it has not been referred to the committee at this point in time.

Mr. Borotsik: Two very quick questions: How many VLT site holders are there being administered by the gaming commission? First Nations?

Mr. Chomiak: Five hundred commercial sites and about 30 First Nation—30, 31, 32 First Nation sites.

Mr. Borotsik: Thirty-one, 32 First Nation sites. Have all of the year-end financials been submitted to the commission?

Mr. Chomiak: No.

Mr. Borotsik: As part of the licence agreement, year-end financials must be submitted. It was just identified in the minister's comments.

When will those financials be submitted, and if they aren't submitted, what is the follow-up from the commission?

Mr. Chomiak: We're putting in orders for five sites, and two sites we're looking at for on-compliance.

Mr. Borotsik: What are the remedies if in fact the financials are not submitted within a time frame that's been put down by the commission?

Mr. Chomiak: Deregistration.

Mr. Borotsik: Last question. Has any of the sites who are non-compliant right now with the, with the submission of the financials, have they ever been decommissioned previously?

Mr. Chomiak: No.

Mr. Chairperson: Thank you. What is the will of the committee?

Some Honourable Members: Pass.

Mr. Chairperson: We have to do it formally of course.

Shall the Auditor General's report, Dakota Tipi First Nation Gaming Commission and First Nation Gaming Accountability in Manitoba, dated March 2003 pass?

Some Honourable Members: Pass.

Mr. Chairperson: Pass. The report is accordingly passed.

Thank you, Mr. Minister, and thank you to the executive director.

The next report that will be considered is the Audit of the Workplace Safety and Health, dated February 2007.

I'd ask the committee for just 30 seconds before we proceed.

I welcome the Minister of Labour to the table and I would ask that she introduce the staff in attendance.

Hon. Nancy Allan (Minister of Labour and Immigration): I would like to introduce the Deputy Minister of Labour and Immigration, Jeff Parr.

Mr. Chairperson: Welcome this evening.

We'll begin with, first of all, asking the Auditor General if she would like to make an opening statement?

Ms. Bellringer: I should have introduced the staff present for the last report, Brian Wirth, who I believe has now gone, and I'm joined now by Melissa Emslie who was the audit principal who worked on this particular audit.

The report focussed on whether adequate processes were in place for administering the act, the act being The Workplace Safety and Health Act and its regulations for managing its performance and for reporting the programs' effectiveness to the Legislative Assembly.

We note in the report we describe a key indicator of effectiveness in the administration of the act as being the time loss injury rate. And we did, in that report note, in 2002, 25 percent target for reduction in the time loss injury rate over a five-year period was set. And at the time of the audit, we noted it had only been reduced by 9.6 percent during that four-year period, but we did look at the six-year trend indicating Manitoba's time loss injury rate had fallen from 5.8 percent in 2000 to 4.7 percent in 2005, a decline of 19 percent. What we did in the report was put forth 52 recommendations which identify opportunities for improvement in order to make further progress.

Mr. Chairperson: Thank you, Madam Auditor General. Would the deputy minister, Mr. Parr, like to make an opening statement?

Mr. Jeff Parr (Deputy Minister of Labour and Immigration): Yes, please, I would like that.

Mr. Chairperson: Please proceed, Mr. Parr.

* (19:50)

Mr. Parr: Just before I do, there's a few individuals here I'd like to introduce as well. The Assistant Deputy Minister for Workplace Safety and Health is in attendance. Jo-Anna Guerra who is the director of Prevention Services is in attendance, and Jeff McCulloch who is the fellow who is responsible for a lot of, sort of, planning and administration within the division, is also in attendance. So without their hard work I wouldn't be able to do any of this, so.

Mr. Chairperson: Thank you very much.

Mr. Parr: Thank you, Mr. Chairperson, and members of the committee. The audit year that this was undertaken I believe was 2005-2006. Since receipt of that audit, our staff have been going through it quite thoroughly to ensure that we're reviewing the recommendations and taking action on all the ones that we can take action on, and those that we're having some difficulty with, we're addressing in some fashion.

We've found that the recommendations provided a great deal of assistance to us in improving a number of areas related to documentation, planning of the division, performance measurements and quality assurance, and monitoring. So as we go through this, this evening, I'll be able to talk about some of the—a number of the improvements we've made in those areas.

The other area of improvement I think that I need to touch on, which is quite significant in the report, was there was a note that there had been no administrative penalties issued at the time of the audit. I would just like to remind committee that the sort of scenario that led up to this. We had just passed the regulation related to administrative penalties in 2003. So we're talking about a period here, two years subsequent to this. At that point there had been no administrative penalties as a result of the recommendations and the review we did.

We discovered that we had built a system that was, frankly, too onerous for our officers to work with. The documentation requirements we'd put in place for them to demonstrate there was non-compliance, they found just to be too onerous and, as people will do, if it's too difficult, they'll tend to avoid these things. And so what we ended up doing

was going back, and saying, okay, let's review this. Can we streamline this process and can we make it less cumbersome for our officers to work with? As a result, I mean, that was done. As a result, our officers are issuing—are doing the follow-up. They're issuing administrative penalties. As of this point, we've issued 12 administrative penalties to five firms.

I just want to emphasize the intent of the administrative penalties is not to punish or to collect revenues for the Province, but to secure compliance with the improvement orders which have been issued.

As we went through this, there were some recommendations we had a great deal of difficulty with and found that we couldn't find a practical way to do them, and I just want to be very candid about that and give you an opportunity to discuss that with me.

There were recommendations related to that suggested that we add to our data base information on every single employer in the province. On the face of that, that sounds reasonable. We went away and looked at that. Like there was a suggestion that we look at the business registration data base, and as our folks went back to look at that, we found that there would be a significant expense in terms of money and staff time in order to do this, and then we also had to look at what would be—do we gain significant value from that?

And keeping in mind that the data base that we have is the employers registered with the WCB, it was determined that what would we get from the employers' registration data base would not be that beneficial to us, especially since we just finished going through—the government just finished going through—a process of expanding coverage for WCB. And in that process, there was a great deal of to and fro with employers and stakeholders about—to determine how far should that go and what would be an appropriate place to stop. And the expansion of coverage captures, now, all of the high-risk and moderate-risk employers. Those who are left out would be doctors offices, lawyers offices, accountants, hair dressers, those sorts of things, who tend, who I would say are low-risk workplaces. And so, we don't have information on those folks, but we do have information now on 30,000 workplaces within the province. So that would be one.

There was also a recommendation similar to that that we have a plan to inspect every workplace in the province. And it's not—the task would be

extraordinarily onerous for us. There are some 45,000 employers in the province. We have, give or take, 60 officers. I mean, the planning for that would be astronomical. What we do is the inspection activities based on a risk assessment in determining where we allocate our resources.

And I just—just for a minute I'll just talk about how we do health and safety in Canada. It's a bit unique to a number of other places. Unlike, say, the United States, or a number of other jurisdictions, Canada has built a system of health and safety that creates a system within the workplace where there can be monitoring of health and safety activities, and I'm talking about here, its safety and health committees. Every single province in Canada, with the exception of Alberta, requires a safety and health committee whose job it is to monitor what's going on in the workplace, to raise issues, those sorts of things. And the inspection officers that we have really complement that and support that and all the rest of it. So we end up, frankly, with a better system than we would have if we depended entirely on our officers to go out and do inspections and address every single contravention that they would come across.

So that's the system we have in place. We are not really set up or resourced, as is any other jurisdiction in Canada, to have people going in and inspecting every single workplace within the province. I would contrast that, say, to elevators where we do inspect every single elevator, and we're all happy that we do.

So, to sort of to touch on that, subsequent to the audit, we've continued to improve a number of things. The time-loss injury rate has continued to fall. It has now fallen to 4.0 percent, which means that we have got a reduction in injury rates of about 29 percent. The number of inspections has increased since the 2005—sorry, 2004-2005 from, roughly, 5200 to 9100, so there has been significant increase in inspections. I would also note that, just as this report was being tabled, the division just finished an extensive review of the regulations. All the regulations were updated and brought into the Canadian mainstream, and, as a result of that, a number of adjustments have been made to the policy and planning, planning and, sorry, the P and P manual—[interjection]—the policy and procedures manual. Thank you. I was struggling with that.

So I know there would be some questions about this, and I just wanted to sort of put out where we are at. We've been able to make a number of

improvements. Some we're struggling with and we can't practically get there. But we think we've been able to make a better division as a result of this audit. Thank you.

Mr. Chairperson: Thank you very much, Mr. Deputy Minister.

The floor is now open for questions.

Mrs. Mavis Taillieu (Morris): Thank you, Mr. Chair. I just wanted to, first of all, ask the Auditor General: What was the most significant finding when you did this value for audit?

Ms. Bellringer: The 52 recommendations, obviously, cover the waterfront. I'd probably point to the non-use of the administrative penalties to that point in time, appreciating the time frame that the deputy minister has pointed out.

I'd also say that, with regards to the data base discussion, while it may sound like we're sort of, you know, totally in disagreement around this, I would say otherwise. I would suggest that I think it's commendable that the department has reached the conclusion from a thorough analysis as opposed to suggesting that we've made a recommendation that they've chosen to ignore. It's not—it appears to me to be a very well-thought-through conclusion as a result of having looked at it. That was an important thing for me to hear where that has gone to.

Mrs. Taillieu: In the course of your investigation, and you, I think in your report, say that in 2006 there was a total of 606 warning letters covering 1,885 improvement orders. Did your discussions regarding the fact that none of these penalties were imposed—was there discussion with the workplace safety and health officers as to why they weren't imposed?

Ms. Bellringer: I just want to clarify: Were you asking whether the inspectors themselves were asked that question? I mean, the department was asked, the officials were asked, but there was no discussion with the actual inspectors.

Mrs. Taillieu: Okay, so just to clarify, then, you didn't ask the inspectors themselves as to—if there was any difficulties they encountered with enforcing the administrative penalties?

Ms. Bellringer: That's correct.

Mrs. Taillieu: Thank you. I would like to ask the deputy minister. I think he just indicated that the workplace safety and health officers indicated that the task was too onerous to do, to impose these

administrative—perhaps you could elaborate on that, that what you had said there.

* (20:00)

Mr. Parr: Certainly. Subsequent to the audits, it's—this is one of the things that we spent a lot of time looking at. The government had just passed the requirement—or the provisions for administrative penalties. In 2002, it just passed the regulations. Clearly, the intention was that this is a tool that we used, and so when the Auditor General comes back and says, you got this tool, you're not using it, we want to sit down and say, well, what's happening here?

Safety and health officers are pretty—I would say as a group, are a very vocal and assertive group of people. I mean, by the nature of what they do, I guess that's what they are, and so as we look through this, we, by the nature of the way we have to do our business, we've got to spend a lot of time talking with 'em, okay. Why is this going on? We know you're—we're sending out the letters to, you know, that's warning employers that you're not in compliant—or you haven't submitted your progress report on the compliance for your improvement orders. The letters would go out to them saying, if you don't submit the reports to show you're in compliance you're liable for administrative penalty.

There were—I'll talk about the good side of it because one of—as I said, the intention here was to get compliance and what was happening in a large number of the cases, people would get these letters and the lights would go on. These guys are serious about this or, you know, someone hasn't acted on this, we need to move on it, and the great majority of people moved into compliance.

However, having said that, clearly there were some instances where the employer didn't get in—didn't move into compliance and we as a division, we as a department, weren't in the position to follow up appropriately, and it was the officers that were explaining to us that when we have to document the—you know, the non-compliance and the evidence of non-compliance it's pretty onerous. It's, you know, approaching—this may be a bit of an exaggeration but it's approaching the level of documentation we'd expect for a full investigation report if we're going to prosecution. I mean, we're approaching that level of detail.

And so in consultation with the officers, the division scaled that back so that we were able to be

comfortable that, yes, we're applying administrative penalties where appropriate, but it wasn't so cumbersome that it was a deterrent for the officers to do it. I mean, they have a lot on their plates so if we made this too difficult, you know, human nature being what it is—I mean, if this is going to be difficult and I don't know if I'm gonna get a lot of payoff, I'm gonna go somewhere else. So we did spend a fair bit of time working with our officers on this. Some of the toughest critics we have within the province probably sit within our own division, and so we spend a fair bit of time with them on that.

And I would say this is—I have to say to the Auditor General, this particular recommendation, I mean, was probably—you know, one of the most helpful things out of this is it sort of, you know, gave us a bit of a kick in the pants, say look, look at this, why is this not working? How do we make this work better?

Mrs. Taillieu: Thank you and I'd like to ask the Auditor then if any of the officers indicated that this was onerous or too cumbersome administratively to enforce.

Ms. Bellringer: It wasn't a question we asked and so, no, we didn't have that answer given to us.

Mrs. Taillieu: I understand it may not have been a question that you may have asked, but I'm wondering if anybody indicated during the course of your discussions with the officers if they felt that the, the, the act was too difficult to, to work with?

Ms. Bellringer: No, we don't recall having anyone point that out to us.

Mrs. Taillieu: I want to just talk some more then about the—about the recommendations. There are 52 of them in the report, and I note that in the report on page 71 in the response to the recommendations the—and I'm quoting now: The division will develop a process to address the recommendations contained in the report and to report on changes implemented.

So I would like to ask if there is a report generated on the changes that have been implemented?

Mr. Parr: We have within the government, we, the comptroller's office require us to provide quarterly reports, I believe, in all the audits we receive showing what we've done in response to each of the recommendations.

I notice with respect to once we finish this process, I know the Auditor General will be also

requiring us to provide a report back to her on the action to be taken on all of these recommendations.

And so, yes, we have reports from the division back to me, from, from the department to the comptroller's office, and there will be a final report when called on by the Auditor General to the Auditor General about everything we've done in response to every single recommendation.

Mrs. Taillieu: Thanks, but I'm just wondering if this is something that should be public. I mean, you did say that you would be doing a report, and—on the changes implemented.

Is this going to be a public document? Is it published publicly in any way at this present time?

Floor Comment: No, these are not—

Mr. Chairperson: Mr. Parr.

Mr. Parr: I'm sorry. This is not a—the reports are not public; they're from the department back to the comptroller. It's essentially, I guess at this point, it's a bit of a compliance tool that the comptroller's office uses with the departments to ensure that we are acting on the recommendations. So our intention would be that we would provide a full report back to the Auditor General. The Auditor General, I guess, you know, do produce reports. I don't know how this may show up or not at that point.

Mr. Chairperson: Madam Auditor General, just to fill in the gaps here.

Ms. Bellringer: Just—when our follow-up reports come out, those reports are made public. We follow up not at three years after it's been released for the first time and then every year thereafter until the recommendations are implemented. And so the first one for this report would be next year.

Mrs. Taillieu: I'm wondering if it's possible to ask that a written update be given to this committee on what, what impli—what progress has been made and implementation of the recommendations. Is that a possibility that we could ask that this be written—a written update on the recommendations that have been implemented to date? Ones that haven't been—could that be submitted to this committee?

Mr. Chairperson: That's not a question, I guess, for Mr. Parr. I guess that's more of a question for the Chair, and it's not a question for the minister, for sure. That is something that the committee can request, has legal authority to request, but the committee will make that decision as a whole, not an

individual on the committee. So, if, in fact, there is a will to have a report, a status report issued to this committee, then that should come by way of motion or a recommendation. We can have a discussion on that, and then there would be either agreement or non-agreement to it. And that's the process that we should follow in getting that. It's not appropriate for a deputy minister to respond to that.

So I would turn it back to Mrs. Taillieu, if, in fact, you would like that to happen. That is something you could ask the committee for agreement on, and we would take it further from that point.

Mrs. Taillieu: Could I, could I move, then, or submit a motion to the committee that this committee ask for a written update on the implementation of the recommendations from the Auditor General's report on the audit of the Workplace Safety and Health?

Mr. Chairperson: Madam—or Mrs. Taillieu, there are two ways to proceed: One is to ask agreement of the committee. The other is, as you have put it to the table, is by motion, and I would ask that you write the motion and then the Clerk will check it, and then we will proceed from there. But, while you're doing that, I'm going to ask Ms. Brick; she has her hand up.

Ms. Marilyn Brick (St. Norbert): Just—I'm seeking some clarification, I guess, is that my understanding is that this committee is still working through some of its ongoing changes that it's making, and this seems to be sort of, in my mind, potentially stepping ahead of some of the changes, maybe, that the committee is currently addressing and undertaking. And I guess I'm not sure how this necessarily relates to the process that is ongoing in terms of the committee's format in addressing their current processes.

* (20:10)

Mr. Chairperson: Just a bit of history, Ms. Brick. This committee can make a recommendation or can make a request of a department or of the Auditor. We have done that in the past. If you recall, there was a request that the Auditor do an audit on the Spirited Energy campaign. That was agreed to by the committee and then was proceeded with. That happened within the last year. And so, in the same spirit, Mrs. Taillieu's motion would be in order if she were requesting that an update be provided to the committee, and the committee agreed with it.

We can't mandate either the department or the Auditor General to do things, but, indeed, the request

can be made and would be in order. And that doesn't have anything to do with procedural things that we are talking about in terms of future operations of this committee. That is quite, I think, in order with what we've done in past practice, but it is up to the committee at the end of the day to either agree or not to agree with that kind of a request. And it is not a mandated request. The department could very well not respond. We are simply making the request and then it is up to the department to either comply or to perhaps come back and say, well, at this time it's not appropriate for these reasons to be able to give you a status report. But certainly that's within the realm of this committee to be able to request.

Mr. Borotsik: Mr. Parr has demonstrated his competence certainly in understanding the issues of the Auditor General's report and the 50-odd recommendations that have been put forward.

As I understand it, there has been a report submitted by the department to the comptroller's office with the status of those recommendations and how they've gone forward. So, if that report is already available and has gone forward to the comptroller's office, it's certainly within the rights of this committee to ask for a copy of that report. The Auditor General reports to the Legislature, that report comes to this committee. I'm comfortable, certainly, in the ability of the deputy minister to be able to provide as much information as he can on those 50 recommendations. If there's only one that wasn't complied with, we've got the answer. It was a great answer. As a matter of fact, not all of the recommendations from the Auditor General are the best recommendations, as we've identified. Some cannot be complied with simply because of the onerous situation that it provided to the department.

I guess my one question would be—I would love to have a status report simply by agreement as opposed to by motion, and that's where we should be heading with this committee in the long term. But I would ask Mr. Parr if it would put a great deal of difficulty on him and his department to provide the status report on those 50 recommendations as they are currently in his department. I would ask that question of Mr. Parr.

Mr. Parr: It would not be an administrative burden for us.

Ms. Howard: I'm just gonna make a suggestion and just try it out. I think there are lots of opportunities for follow-up there. We have the deputy minister with us here tonight who can provide answers to

those questions on follow-up and has been. The Auditor General is going to do a follow-up report in about a year. I'm not sure how much more quickly or how much different that report is gonna be. And we have had some discussion about how we have input into that follow-up procedure as a PAC in some of our in-camera sessions. But I'm gonna suggest, and hopefully people will agree, is that we table this motion for now. We have a little more discussion about follow-up in our next in-camera session which is in about two weeks. And if there still feels like we need that kind of motion, then we can do it at the meeting after that. But it's something I just want to have a little more thought about and a little more discussion about, and I don't want to take the time away from the reports that are on the agenda tonight.

So my suggestion would be we just table this for now, talk about it a little more in the in-camera session in a couple of weeks and then we'll maybe come to a consensus.

Mr. Chairperson: I'm taking this all in as advice and I'm taking it prior to Mrs. Taillieu tabling her motion. But I will ask for the motion. So I've got two speakers that would like to speak to this. Please make it pertinent to this particular topic. I'm going to recognize Mr. Borotsik and then Mrs. Stefanson.

Mr. Borotsik: If I can, Mr. Chairman, and I do know that we're walking now as opposed to crawling in the past. We're getting there. I would just like to have it confirmed that Mr. Parr has said that it would not be an administrative burden for his department to have a written follow-up to the Auditor General's report tabled to this committee. He did say that, and I want everybody at the committee to recognize that. The reason I say that, I have no difficulty with discussing process because I think it's important that we get this process in place. So that this is a very good example, by the way, of which we should be following for other departments, and I think waiting for three years for a follow-up from the Auditor General's Department is not the best administrative policy that we should have as this committee.

We do have the ability after six months or nine months or 12 months to ask the department where they are with that Auditor's General's recommendations, and that in effect is what we're doing right now with Mr. Parr who has already in his department gone through the 50 recommendations, fixed all of them. And, by the way, I'm very impressed. Well, most of them because we don't know because we haven't seen your report—fixed the

majority of them. We should have the ability to get that information placed before us and deal with them at that time. So I'm prepared certainly to wait for two weeks and talk about it, but I do want the members of the committee to recognize that this is the way that the policy of this committee should work and Mr. Parr has already agreed that it would not be an administrative burden for his department to provide us with that report. So thank you very much, Mr. Chairman.

Mrs. Heather Stefanson (Tuxedo): Well, I agree, Mr. Chair, with Mr. Borotsik and would suggest that because this information is already available out there that maybe it's not necessary to wait given the fact that we have already, there has been precedent set where we have gone through this before within this committee. So it is in the purview of this committee to move forward, so further discussion on it could probably happen at a later time. That's fine, but I think for right now, rather than a motion, I think we should be able to have agreement on the committee given the fact that the information is already there just so we can move forward.

We have a number of other reports that we're going to be discussing tonight, and I wouldn't want to get stuck on this and debating for the next 45 minutes until 9 o'clock as to whether or not we as a committee would like to ask for a report that is already there. So I would suggest, Mr. Chair, that hopefully we could move on from here and that we will have full agreement of the committee to move on and ask for the recommendations from the deputy minister.

Mr. Chairperson: I will recognize Mr. Martindale specific to this.

Mr. Martindale: Yes, thank you, Mr. Chairperson. I think it's only fair that two people from each side be allowed to speak.

I would speak in favour of our esteemed Vice-Chairperson. I think, because we are discussing a process issue, discussing it at our in-camera meeting in two weeks makes sense. Rather than possibly debating this till 9 o'clock tonight, I would much prefer that we do it on an informal basis at the next opportunity.

Mr. Chairperson: Mrs. Taillieu, I come back to you now. You've heard the advice around the table. You can ask for agreement. You can agree to table this motion, or you may wish to move the motion as you have written it. It is in your court.

Mrs. Taillieu: I would like to move the motion, but before I do that, I would just like to say that there are a lot of questions on 52 recommendations. If I had to go through and ask a question on each one, it would be quite a lot of time to do that because certainly we want to know the status of each recommendation. So it would be expedient, I think, to ask for a written review of what is done to this point and what is still being worked on. I'm prepared to move on with that. So I'll put the motion forward and—

Mr. Chairperson: Just before you put your motion, I want to ask you a question.

Are you prepared to move the report with the agreement of a follow-up report being tabled? Is that what I'm hearing from you?

Mrs. Taillieu: I didn't suggest I was going to move the report, because I would like to see what the status of the recommendations are. So I don't think that I could actually say that before I knew what the status was. But, certainly, if we had some agreement to provide the status, a recommendation of the implementation, of the status of the implementation, then we could move on without having to question all the 52 recommendations.

Mr. Chairperson: Okay. Proceed then before Ms. Brick has the floor.

Mrs. Taillieu: I move that the department submit in writing to this committee an update on the implementation of the recommendations outlined by the Auditor General in the 2007 audit of the Workplace, Safety and Health—*[interjection]*

I'd like to amend that motion, if I may.

* (20:20)

Mr. Chairperson: Is there agreement to allow Mrs. Taillieu to amend her wording of her motion before we accept her motion?

Some Honourable Members: Yes.

Mr. Chairperson: Agreed? *[Agreed]*

Mr. Chairperson: Thank you.

Mrs. Taillieu, proceed.

Mrs. Taillieu: I move that this committee request that the department submit in writing to this committee an update on the implementation of the recommendations outlined by the Auditor General in the 2007 audit of Workplace Safety and Health.

Mr. Chairperson: This motion is in order and I will reiterate it for the committee.

Ms. Taillieu moves that the committee request that the department submit in writing to this committee an update on the implementation of the recommendations outlined by the Auditor General in the 2007 audit of Workplace Safety and Health

The floor is open for questions or discussion. Ms. Brick had her hand up to the motion.

Ms. Brick: I would just like to—once again, I would just like to put forward the suggestion that we table the motion that's been put on the floor. I understand all the discussion that has happened around the table, but having said that, I think that it is best that this follows the process that has been set up to have in-camera meetings, to have those discussions take place. I think it's somewhat problematic the way this is occurring right here, right now. I think that that's—that wasn't my understanding, anyways, of the process, the way this was going to be taking place, and I'm not—I'm just somewhat concerned that I think it would be very much better that everything is discussed, and that's not actually what's happening right now, so thank you.

Mr. Chairperson: Thank you, Ms. Brick, but we have a procedural problem. The gentlemen on this committee—

An Honourable Member: Oh, yes. Mavis can't put a motion forward.

Mr. Chairperson: The—Mrs. Taillieu is not a member of this committee, and so, therefore, she cannot put a motion on the floor. The recommendation may be valid and warranted, but she cannot put a motion on the floor. So, therefore, although the recommend—although the motion is in order, it is not acceptable to the committee.

Now, you've heard—I will recognize Mr. Borotsik and Mrs. Stefanson in a moment. You've heard the comments made by Ms. Brick. I'm going to ask that all of us consider the comments and advice that is being given around the table, not just to the Chair, but to all of us as members of this committee. And so, therefore, I'm going to recognize Mr. Borotsik.

Mr. Borotsik: Well, Mr. Chairman, since the motion cannot be put on the floor, I know that I have the ability, as do other members of this committee, to place the motion, but I think, with the hopes that the committee can operate in a somewhat non-partisan

fashion in the future, for the best operations of this committee, what I would suggest is that we wait for the period of two weeks, that we talk about process. But, again, I must repeat myself, that the department has already indicated that they do have the ability to provide what it is that we're asking for. They're prepared to do that upon request of this committee. So I would make—ask that members of the committee, when we discuss this in two-week period, recognize that, and then we can talk about the normal process this—that should be put forward.

So I will not place a motion on the table unless one of the other committee members wishes to do that. But I would suggest that we have it placed on the in-camera agenda at the very top of the list the next time that we get together.

Mrs. Stefanson: I just would like to say to that that I don't really have a problem putting motion forward myself, but in the interest of what is going on and the fact that we are—we've wasted this amount of time discussing an issue that has really already been discussed and a precedent that has already been set in the past, and I think it is unfortunate that we do have to waste committee time on this type of matter. But with that, what—we'll leave it at that, and, hopefully, we can move on from here.

Mr. Chairperson: Thank you, and, to the committee, I will take under advisement and we'll discuss this at the steering committee level first and then we will bring it back to the in-camera meeting of the committee members alone. And so I thank you for that advice and I thank you for the co-operative effort that I have seen put forward.

So let us now move ahead. This motion is not dead in that we will discuss this issue, and, if we decide to proceed, then the committee will be writing to the department with regard to the decision that has been made, if that is acceptable to Mr. Parr and his department—*[interjection]*

Thank you, Mr. Parr.

Mr. Larry Maguire (Arthur-Virden): A procedural issue, I guess, Mr. Chairman. I guess, and if the report comes back or we decide to do something with it, and it comes back, will we have the opportunity, then, to follow-up with Mr. Parr and the department on subsequent discussions without having to wait six more months to get this before the PAC committee again? I'm really saying that, that there's an opportunity here to almost pass the report tonight if we were able to move forward with some

co-operative efforts and proceed. I think that's been stated, but I just wanted to say that, you know, I don't have any problem if they want to wait the two weeks as well. We could move forward in a more easily flowed manner, I suppose, to get some information out of the process.

But, I know my colleague, Mrs. Taillieu from Morris, has got a number of questions and we could take hours to go through the 52 reports, but—recommendations, rather—but, you know, the—this would, certainly, I guess, speed up the process is all we were, I think, was trying to be done tonight by asking for the report and the department has quite willingly complied. So I commend them for that as well, commend them—both the minister and the deputy for that process, and so, that's—I just wanted to ask that question of being able to follow it up.

Mr. Chairperson: Well, thank you very much for that, Mr. Maguire.

As I've indicated, this will go on the steering committee's agenda and then we will take it to the in-camera committee, and it will depend on what results out of those discussions as to the—a process that we will undertake from there.

Mr. Lamoureux: Mr. Chair, given that you say that it's going to going the steering committee, I thought maybe I would at least get on the record, as a committee member of the Public Accounts, that it does pose an interesting dilemma in the sense that tonight we have four reports, and it would have been welcomed opportunity, no doubt, for us to have been able to pass as many of those reports as possible.

But because of this particular question and the motion that you're now going to review in the—in steering committee, there's a chance that the report might not actually pass and if the information was available, that we might have seen the report pass, and because it's not available there does beg the question, well, do we pass it and forgo the opportunity to be able to do a follow-up question or two, because it is a very limited amount of time that we have in the Public Accounts Committee.

So I just say it because in one sense I'm glad that we're not being forced to vote on a motion of this because I think it's—doesn't necessarily do well for the long term of the Public Accounts Committee.

Having said that, I do think that it's a dilemma in which I would welcome the opportunity to have some input on with you and the Vice-Chair before you come back to the committee.

Mr. Chairperson: I thank you for that, Mr. Lamoureux, and I thank the committee for all the advice that you have put forward tonight. These are not easy issues, but I think, having said that, it is within the right of the committee to ask for follow-up reports sooner than, perhaps, the three-year period of time. In this instant the deputy was prepared to provide it. I think we as a committee need to sort out our processes and ensure that we're demonstrating to the public and to the departments that indeed this committee is doing the work that it is mandated to do.

Having said that, I leave this issue and we will proceed with questions on the Auditor General's Report.

* (20:30)

Mrs. Taillieu: The deputy minister did indicate that, administratively, it would not be difficult to do this update on the recommendations and the implementation of the recommendations. I'm just wondering, if it's possible, if he could give me a copy of that, as the critic.

Mr. Chairperson: Mrs. Taillieu, I think we just discussed that issue. Can I ask you to rephrase your question, please? You're putting the deputy in a very difficult position given the discussion.

Mrs. Taillieu: All right. I'd like to ask the deputy minister then, of the 52 recommendations, how many have actually been implemented, completed, addressed and implemented?

Mr. Parr: Let me try to answer that. I'm sorry, I am trying to answer, not to avoid, but we identified a few recommendations where we had to find an alternative approach. We've addressed every single recommendation. It was just in some instances we looked at what they said and tried to find another way to get there, and so that would be one. There's about 11 where we had to look at 'em and say, well, you know there's an alternative approach that we have to take and it may—it's for a variety of reasons.

A number of recommendations dealt with how we deal with our investigation reports for the prosecution and so we ended up spending a fair bit of time going back and forth with our Crown counsel, for example, and we're advised that no—the approach they would like would be different, as an example. So—and I'm prepared to talk about all of those recommendations and also prepared to talk about all the recommendations we've acted on as well. We did act on these, but, I mean, all the other ones where

we've actually gone through and implemented the recommendations.

Mr. Chairperson: Thank you.

Mrs. Taillieu: Then of the 41 that you've implemented, when did you implement them?

Mr. Parr: The division's been—I mean, the division set out immediately upon receiving the report to go through and start the process of doing these. Some of these recommendations were quite straightforward and easy to implement, and they were done almost immediately.

A good example was there was a recommendation that the response to complaint process that had been sitting in a separate document be incorporated into the policy and procedures manual. That didn't require a lot of effort. It got done immediately.

The rest of recommendations, I think, have been—you know, we've implemented them over the period of time. I think there's one, as I recall, when I was looking at my brief material, where there's some follow-up training required and it's to be implemented in the fall of this year, but, I mean, the division's been quite diligent about moving forward on these things.

So, you know, it depends on the type of the recommendation, but I'm comfortable saying that, you know, we've acted on all of the recommendations as spelled out here. I mean, I spent time with the division going back and forth, you know, grilling them essentially, you know: Is that what we're doing? Is that how we're going to proceed?

Mrs. Taillieu: Mr. Chair, I'm just wondering if—I know we could go through every single recommendation, but I'm wondering that it might be a better use of time to wait until we do see what recommendations have been addressed, how they've been addressed and which ones they have found alternate solutions to so we have something to really question on.

I know that the deputy has said that several have been implemented and some have not, but there have been alternate solutions found. I'm wondering if we could bring this report back to this committee once we have—the committee has had an opportunity to decide whether we can have the report brought back to this committee, and if that's not the case, then we can go through the recommendations one by one.

Mr. Chairperson: Mrs. Taillieu, I'll take that advice back to our steering committee and, as you know, it's not just the steering committee that decides on the agenda, it has to involve House leaders, but indeed your comments and your recommendation will be taken seriously at our next meeting, and that's the best I can do at this time.

So, hearing no other questions, I'm going to then ask the committee—*[interjection]*

Oh, I'm sorry, Mr. Lamoureux. I apologize.

Mr. Lamoureux: Mr. Chair, just one question to the provincial Auditor. Of the 11 recommendations in which the department said that they've looked at and they feel that there's a need to have some sort of variance, would she be aware of—like, was there any dialogue where the department would've contacted her and said, hey look, here's the 11 recommendations, we think there needs to be some variances. Is that something in which, would it not be advisable to have the Auditor take a look at, because maybe there is a roundabout way in addressing concerns at the provincial Auditor's office raises?

Ms. Bellringer: We haven't had a discussion that says this is the list of 11. I have had a discussion with the deputy minister specific to some of the recommendations, and getting a better understanding of his perspective on some of those, one of those being the data base discussion. And that would be something that, again, you know, the three-year period, by the way, that we choose around the follow-up was designed originally to reflect what we believed was an appropriate amount of time for all recommendations to be implemented in, you know, the majority of cases.

Now everything is a little bit different, you know, one audit from another. So—but we stick to that just to keep something so that the departments aren't surprised by the follow-up period and so on. And it would be at that point that we'd get into that detailed discussion around the 11 and what those are.

Mrs. Taillieu: I'd like to just maybe ask a few more questions. Can the Auditor—does the Auditor know, or is she aware of the—is the department within the time frames set out by your office to put these recommendations into effect?

Ms. Bellringer: We've never actually put any kind of an interim time line in place when we provide the reports to the departments. We leave that up to them to figure out how they're going to accomplish it within the—a reasonable amount of time.

Mrs. Taillieu: Seeing as the Auditor identified one of the most significant improvement areas would be the—that the administrative penalties be imposed, I'm wondering if the deputy minister can indicate what action the Workplace, Safety and Health division has taken to ensure that officers are issuing improvement orders in all instances where non-compliance is noted.

Mr. Parr: Yes, thank you. Getting my reading glasses now.

I'd be pleased to talk about that. The principal change that we put in place to ensure that the administrative penalties were implemented was to revise the procedures that was required, that officers were required to use in order to trigger the administrative penalties.

Just briefly, what happens is an officer will write an improvement order and when the compliance time comes and the employer hasn't acted on it, we require the officer to, you know, follow-up with the employer and say, look, you're required to provide us a compliance report. We haven't received anything from you. Where are you at with this? I mean we don't want to be rigid and arbitrary about these things. Sometimes we're dealing with small employers where, you know, they may have well have done it and, you know, the sort of paper requirements of government that, big government, people are sometimes afraid of, they find a bit overwhelming and so they don't get back to us and so we want to make we've made that initial contact. So we require the officers first to make a contact saying, look, it's a requirement for you to comply. I need a compliance report. Will you provide one? If you don't provide one, you know, we've going to have to move this along to the next step which would be an administrative penalty.

After a period of time, I think it's seven days, if the officer doesn't receive anything at that point, then a letter goes out and says, look, you're not, you know, you have an improvement order. You're required to be in compliance. We require a compliance report and often times what we've found in the period, even up to 2003, is the receipt of that letter often triggered the action we were looking for. People would respond.

In any event, as I said, when we moved from that process to, okay, it's, you know, the employer hasn't responded. We haven't got what we're looking for in terms of compliance or evidence of compliance. You know, at that point, previously the

system was cumbersome. Employers, not the employers, but the officers were required to do what they believed was too much documentation, and I believe what they're saying. I mean they are people who had to get out in the field and administer it. And so as a result, the division consulted with the officers and scaled back some of the documentation. I mean, I think we frankly overbuilt the amount of documentation that we were required to provide.

*(20:40)

So having said that then, you know, we brought in that process. We have at this point imposed 12 administrative penalties on five different firms. In two instances the employer appealed those penalties and the issuance of the administrative penalty was upheld, and so it's now gone through a full test, not just of everything we do but also the appeal process. And so we're comfortable that, you know, when we're issuing an administrative penalty, it's an appropriate penalty to go out, and we—I think the other thing that's sort of an odd feature in the way Legislative structure is, is the administrative penalty is not issued by the officer. Actually, the way the act's written is the deputy minister has to issue the administrative penalty. So, the officer, you know, sort of does all the preliminary work. It goes up through the assistant deputy minister, and he'll bring it forward to the deputy and say, okay, we're recommending an administrative penalty.

I know of the group that we went through in the last while where we have issued administrative penalties. There have been instances where it's come to my desk, and I've looked at it and said, well, okay, so there's a requirement here, as an example, for fall protection for a small construction company and you require them to having a fall arrest policy, and I remember going back to the ADM at the time and saying, we're talking about a small employer here. You expect them to write out a policy on how we're going to do fall protection? It's pretty straightforward. You have the equipment. You use it. So are we really sure that this is what we want to do? I think you need to go back and check again.

And so there is, built into the act because it's the deputy minister that should—some checks and balances in the system, and I think, frankly—I think that's quite appropriate. We don't want to be out there imposing penalties in quite an arbitrary and on employers in a difficult way. But the long story short is we just, we tightened up the documentation requirements for the officers and spent a fair bit of

time training them and, you know, I suppose, you know, within organizations there's often resistance to change. When the administrative penalty process was brought in, I mean, people, some of the officers, perhaps, were thinking, well, maybe they're not serious about this. Maybe this is just window dressing, and so we had to spend some time convincing them. Look, we're serious about this. This needs to be done. You're expected to follow through on this and you're expected to do it.

I have to say I think another process that, you know, that was undertaken that will help that as well is not specifically related to administrative penalties, but the Auditor General recommended that we have a quality assurance process where we review the work of our officers and, candidly, prior to that recommendation, we didn't have a good, systematic way of doing this. We had officers out doing their work and our managers trying to stay on top of them as best they could, but we have since put in place a very systematic way of going through and saying, where are you at with your inspections? What are you doing with your improvement orders? And each officer has their activities reviewed with their senior officers or the managers, and I think that's one of the processes, as well, that sort of influences the safety and health officers to get out there and, you know, get these things done and do it in an appropriate way.

Mrs. Taillieu: Now, I can appreciate what you're saying, in terms of how you've been dealing with maybe small employers that maybe need some help in this area. However, I also hear you saying that recommendations have come to the deputy minister and you've overturned some of those decisions from the workplace safety and health officers. Is that what you were saying here?

Mr. Parr: I don't think I would say I overturned the decision. I mean, the officer wrote the order, and followed up and the improvement order—the administrative penalty was only to be issued in instances of non-compliance with the improvement order. And so the one instance I'm aware of, you know, as I said, you know, what the officer was looking for was, in my judgment, and I spent a good deal of time doing health and safety, an overly onerous requirement, a documentation requirement on a small employer. And so I said to the assistant deputy minister, I said, I think you need to go back and check this, talk with your officer, have your officer get in touch with him, find out, in fact, if they have the fall protection equipment and they are, in

fact, using it, and if they are, that should be an appropriate compliance standard that you're meeting.

Now, if they chose to come back at that point and say, no, we want to proceed, we would have had to look at it again, but I think, you know, it was built this way to build in some checks and balances on the issuance of administrative penalties.

Mr. Chairperson: Mrs. Taillieu, do you have more questions?

Mrs. Taillieu: I guess what I'm hearing is the legislation and the regulations, I guess, that brought in these administrative penalties sound like they're too difficult to deal with. But they're—that is the legislation, no?

Mr. Parr: No. I'm not at all saying that they're too difficult to deal with. The issuance of administrative penalties can be quite straightforward. It's unique that the deputy minister is the one who decides if there's an administrative penalty. I mean, there's a bit of background to this. At the time, the government moved on introducing administrative penalties. It was controversial among the employer community. There was acknowledgement that there was problems with non-compliance in improvement orders. A number of employers were quite worried about what the government would do when it brought in the whole process of administrative penalties.

Within the Safety and Health division, they spent a lot of time consulting with employers and workers. There's a safety and health council that's made up of workers, employers and technical representatives, so there's a lot of interaction going back and forth there. And so even as the division developed those recommendations, they consulted with the employers and workers and technical reps on the council to do this.

I don't think it would be fair to say that it's the act and the regulations that's too difficult. It's that, you know, in our eagerness to make sure that we had everything buttoned up and the appropriate processes, what I'm saying is, we developed procedures and policies that proved to be too onerous for the officers to do it—deal with it. So, subsequent to receiving this report, which came out in 2007, the division spent some time going back with their officers, and saying, okay, how do we streamline this to make this work more efficiently, and that's what's happened.

Mrs. Taillieu: Well, I don't wanna keep going on about this, but who put the documentation into place for the Workplace, Safety and Health people to use?

Mr. Parr: The policy and procedures manual and the policies and procedures of the division are, frankly, developed by the Workplace, Safety and Health division. And so they would have developed these, the management staff within the division. They would have consulted with their officers at the time. They would have spent some time talking with members of safety and health council, perhaps, I don't know. But it's a creature of—that document is a creature of that division. And so they put it in place. And as I've said, I mean, the regulations were passed in 2003. In '05-06 it was brought to our—you know, the Auditor General said, look, you haven't used these. Why aren't you using them? And we received the report and made some changes so they could be used.

It was a brand new thing in Manitoba. There are not many jurisdictions that have administrative penalties, and so I think it's a reflection of the fact that it was a new tool, people were getting used to it, and, you know, perhaps there was an overabundance of caution with how the division proceeded with the procedures required for it.

Mrs. Taillieu: And I think—I mean, I could go on for a long time on all these recommendations, but I think that probably it's more appropriate to just table this report until after the committee's had a chance to review the motion, and then after that, at a subsequent meeting, we can look at the recommendations again.

Mr. Chairperson: What is the will of the committee? Agreed? *[Agreed]*

I wanna thank the deputy minister and the minister for your forthright answers, and I apologize on behalf of the committee for taking some time to discuss some procedural matters which we should be able to do in an in-camera session. But thank you very much for your attendance and for your co-operation.

Mr. Chairperson: The next report that we'll be considering is the Audits of the Government Operations, dated December 2008, Chapter 4, Compliance with Oil and Gas Legislation.

I welcome to the table Mr. Rondeau and ask him to introduce his staff, please.

Hon. Jim Rondeau (Minister of Science, Technology, Energy and Mines): I have beside me my Deputy Minister of Science, Technology, Energy and Mines, Mr. John Clarkson; and the other staff in the room is John Fox who's the ADM of Mineral Resources Division; and Keith Lowdon is the Director of the Petroleum branch.

Mr. Chairperson: Thank you, Mr. Minister. I'll ask the Auditor General to introduce her staff and also to make her opening statement.

* (20:50)

Ms. Bellringer: I'm joined by Dallas Muir, who's the audit principal who worked on this particular audit.

I'm going to get right to the findings of the report, and first we found that the department was appropriately administering the provisions of The Oil and Gas Act and related regulations as they related to permits and licences. We also determined that the appropriate amount of taxes and royalties were being assessed and paid on oil and gas production in Manitoba, with one exception, and in that situation the royalties and taxes were not determined in accordance with the regulation, which resulted in an underpayment of the royalties and taxes otherwise payable. And in the course of the audit, we did identify a few areas for improvement with respect to follow-up procedures where information on royalties and taxes were not being submitted on time, in recalculating taxes and royalties payable on a more timely basis, and verifying submitted information.

Mr. Chairperson: Thank you, Madam Auditor General.

Does the deputy minister have an opening statement? Mr. Carson

Mr. John Clarkson (Deputy Minister of Science, Technology, Energy and Mines): Yes, I have some brief opening remarks.

Mr. Chairperson: Please proceed.

Mr. Clarkson: Just want to start off by saying thank you to the Auditor General and her staff for the fine work that was done at a time when the oil and gas industry in Manitoba was ungoing unprecedented activities. In 2006, the number of wells drilled broke the previous drilling record established in 1955 during the development of the Virden oil field. Oil production doubled from the period of 2004 to 2007, reaching a new record of 8.15 million barrels—which, by the way, was subsequently surpassed in 2008. The department has suddenly—was suddenly responsible

for regulating an infrastructure that had increased by 78 percent.

I emphasize these numbers because it's often during this kind of time of growth that organizations fail to meet their obligatory actions under legislation and regulations. But I do note, and as the auditor has noted, that during this time frame, that we did meet the obligations as set up in the legislation and in our regulations. And I was actually very pleased that we undertook this audit at this time because we were able to emphasize the importance of following up on our procedures and ensuring that we have an appropriate way of dealing with the activities in the department.

So again, there were eight recommendations that were presented. We have completely implemented four of those recommendations and four we continue to work at in terms of getting those in place.

So just to finalize, I'd like to thank again the staff in my department for their hard work who, during a time of growth, have managed this very carefully, and to the Auditor for providing us with some very useful suggestions in terms of how to improve our processes.

Mr. Chairperson: Thank you very much, Mr. Deputy Minister. And I apologize for calling you an incorrect name; it's not Mr. Carson, it's Mr. Clarkson. So, thank you for your opening comments.

The floor is now open for questions.

Mr. Maguire: Thank you, Mr. Clarkson, Mr. Fox and Mr. Lowden tonight for being here with us, and your report bringing us up to date.

I'm most pleased to see that, in this report, that the department has been forthright in administering the provisions of The Oil and Gas Act, that's for sure. And I think that there's some discussion, there's a couple of questions that I'd have tonight.

I just say, though, that coming from the southwest part of Manitoba, with the oil and gas industry in southwest Manitoba, I can only reiterate how important it is to the southwest region, and the Auditor's already pointed that out in the report. But I'd be remiss if I didn't add my sincere congratulations to that, because it is a very important part of the industry in the southwest part of Manitoba, of other industries as well. Royalties, production taxes, provincially administered rights and fees, you know, are about 17 million now, as opposed to 6.5, I think they were when I was first

elected, or even a little lower than that in '99, I guess. And that's without the spinoffs of revenue from income taxes off the 800 million that was there in '05, never mind—see the minister smiling, at least—never mind, because as Mr. Clarkson has so rightly pointed out that there's been a huge increase, even since '05 when the numbers that are used in this report carry on.

I wondered, you know, in getting to some of the issues, Mr. Clarkson, if you could just answer a couple of questions for me. The tax and royalty assessments in section 6(3)(1) that have been put in place, I know that there's been a number of areas where signatures required on forms have changed. My first question would be in regards to some of the permitting and licensing. Are all those forms now changed and are the proper signatures being attained for those?

Mr. Clarkson: In those cases where there were forms that were required to be changed and signatures received, that is all in place. And also, where documentation was requested of our processes and procedures, that has now been completed as well too.

Mr. Maguire: Thank you. I just wanted to ask a question.

The recommendations here show that a royalty and tax audit system data base was being established to verify the oil production, oil pricing and other areas as well. It's one of the recommendations in the, in here. It indicated that it was, that that process was to be completed by March 31st of this year, '09. Can you tell me if it has been done; if that process was completed?

Mr. Clarkson: The royalty and tax system has been developed and it's currently undertaking testing to ensure that it's operating in an appropriate fashion. And by implementation and using it in the fashion that we are using it, we have certainly sped up our process. And you may recall one of the observations in the report was that we were, I think, about three years behind in some of our reviews. Now we've now moved that up to being 11 months behind and we continue to work at that. We likely will not get any better than six months behind because it takes about that length of time for the information to be received and therefore, at that point, we can start the process of verification.

Mr. Maguire: So that would be approximately about another year before they'll be able to do that?

Mr. Clarkson: I think by the end of this fiscal year we will have this fully up and running.

Mr. Maguire: So the process then at the present time is still being done manually?

Mr. Clarkson: The process is currently using the system that we have in place but we are ensuring that it is following the correct procedures as we are going through that. And we are using that system to help us speed up in terms of the backlog.

Mr. Maguire: The government looked at—a part of the Auditor General's review showed that there was a fair market value of oil and gas, the wellhead, with the expenses moved back to determine what the final oil price would be and there was an anomaly in that.

Can you indicate to me how or why the government or the department didn't make a change in that process to look at that in a more direct manner? In other words, why was the discrepancy between some of the larger or smaller companies allowed to continue?

Mr. Clarkson: I believe you're referring to the question about the royalty and taxes that were not collected correctly in the one instance. And essentially that was an interpretation difference between the exact wording of the regulation and the way the regulation had been implemented in that case. We have been studying and reviewing that issue with the industry itself and are going to be coming forward with a proposed regulatory change that would ensure that there is a consistent definition and understanding, therefore, of how to apply the various issues related to determining the fair market value.

Mr. Chairperson: Thank you, Mr. Clarkson. Just before we proceed, the hour is approaching 9 o'clock. What is the will of the committee?

Mr. Borotsik: I wonder, with agreement of the committee, that we extend the committee until 10 o'clock or sooner if the two reports could be dealt with at that time, until 10 o'clock?

Mr. Chairperson: What is the will of the committee? *[Agreed]*

Mr. Maguire: Just a couple more questions. When would that be coming forward then, Mr. Clarkson, I guess?

Mr. Clarkson: We're planning to undertake our stakeholder consultations on the regulatory changes

in the fourth quarter of this fiscal year and then bring it forward, then, in the first quarter of next fiscal.

Mr. Maguire: That was what I was referring to. The fair market value being the oil price backed off for transportation fees and that sort of thing versus the pipeline that was used in another circumstance and that created a discrepancy whereby the royalties and fees were not being collected at a certain level. And there may have been an anomaly there in regards to a smaller fee being collected, I guess, then might have otherwise been done. And your review will take that into consideration and report in the spring here then?

* (21:00)

Mr. Clarkson: Yes, we'll do that.

Mr. Maguire: Yes. The only other thing that I wanted to bring up and verify is the section 6(3)(2). The department did not verify submitted information is the caption here and the recommendation is that the Petroleum branch audit, the production records of individual wells and the price production companies receive for their oil on a rotating sample basis to ensure correct production and prices are recorded and thereby ensure the correct amount of royalties and taxes are paid.

Can you tell me what guidelines are being developed to ensure that?

Mr. Clarkson: Within the new royalty and tax system that we are implementing, we have the ability to examine and flag prices and production that are outside of normal limits, and on that basis, we will be reviewing those items that are falling outside of that category to fulfil the recommendations that are set out in this area.

Mr. Maguire: So, it's easily determined, I guess, for a small company with only a couple of wells because you can't, you can't vary—you can't change it that much. You've put a number of things in place here—the unit operations, requirement for quarterly individual well production tests, battery prorationing, truck tickets for the tracking of fluid. All I'm saying is you can do that on a—for a small company with only a few wells much easier than a large company that may be able to somewhat look at being, shall I say, less accurate in regards to a lot of wells as opposed to a few whether—depending on the mode of transportation?

Mr. Clarkson: The actual system is going to work on an individual well basis, and we'll collect historical data and examine the production

information and pricing information based on that basis.

So, it doesn't actually impact whether it's a large company or a small company because it's looking at norms based on an individual well basis.

Mr. Maguire: Yeah, just to close, I certainly concur with that. I certainly believe that the individual well needs to be looked at accurately like that because, of course, whether it's a pooled group of wells for some company that is only looking at the bottom line from their oil, it doesn't matter. But it certainly matters to the individual who may have a lease or a share of those oil rights as to which well it's coming from, and so I, you know, from the leaseholders' perspective, I would certainly commend your department for the work that they've done in this area and look forward to the reports coming out that have the future verification of the mechanisms that you're talking about here earlier tonight. So, thank you.

Mr. Chairperson: Thank you, Mr. Minister and Mr. Clarkson, members of the committee.

Is the committee agreed that we have completed consideration of Chapter 4, Compliance with Oil and Gas Legislation of the Auditor General's Report to the Legislative Assembly, Audits of the Government Operations, dated 2008? *[Agreed]*

And that is passed, or completed.

The final report for consideration tonight Special Audit: Image Campaign for the Province of Manitoba, dated October 2007.

I welcome to the table the minister and the deputy, and I will ask Mr. Rondeau to introduce his staff.

Mr. Rondeau: I have Hugh Eliasson, who is the Deputy Minister of Competitiveness, Training and Trade and I have Cindy Stevens, also supporting us, the Assistant Deputy Minister of Communication Services Manitoba and Alissa Brandt who is the Executive Co-ordinator of the Premier's Economic Advisory Council.

Mr. Chairperson: Thank you very much. Welcome and I will now turn to the Auditor General and ask whether the Auditor General has an opening statement and any staff to introduce.

Ms. Bellringer: I'm afraid there's no staff to introduce. They left me here. Actually, the folks that worked on this one weren't with us here tonight. And I will add, and you know I shouldn't say this after

'cause it's, you know, a bit of a light-hearted introduction, but we did lose one of our staff members during the course of this audit, and it was—he passed away prior to the completion, and it was a rather traumatic time for us, so we'll think of him as we go through this.

We had four objectives. This is—actually, I'll start with commenting on this being an audit request that did come from the Public Accounts Committee, February 22, 2007—feels like yesterday. There—we did develop the objectives ourselves. The committee had indicated some issues that they wanted to be addressed, but we developed the objectives independent of that.

The first one was to verify the total amount of public spending on the image campaign—that was a question at the time of the audit; the second, to determine whether the vendor selection process for work on the image campaign was conducted in accordance with relevant government of Manitoba policies and procedures; the third, to verify that all goods and services purchased in relation to the image campaign were received; and, finally, to determine whether the research work, those surveys and focus groups, gathered data and information relating only to the image campaign.

One of the probably most critical comments that—critical not in the critical sense, but critical in the important definition of importance—was that The Auditor General Act prohibits me from commenting on the merits of policy, and it was very difficult, given the nature of the image campaign, to make that separation and in—we couldn't in any way comment on whether or not this was a good idea or not. Certainly, there were lots of emotions about whether people felt it was good or bad, and that was not a direction we were prepared to go in. We felt that certainly was in the area of policy and we weren't going to comment on it.

What we did find was that due process was followed in the development of the image campaign. We looked at the total amount spent and noted that it was consistent with the information publicly reported, 2.8 million. We looked at the research and consultation processes, and focus groups were only one aspect of the research that was used. We also—we concluded that the vendor selection process was done in a manner consistent with government policies and procedures, but we did make five recommendations to strengthen administrative practices: one of those was recommending that an overall project

management function be established for future phases; the second, that contracts and agreements clearly set out the specific expectations regarding supporting documentation requirements for expense reimbursement; the third, around tender documents, that they fully describe the expected magnitude of the resulting contracts and the pricing basis; the fourth, that in future phases more lead time and planning is required to ensure tendering on all the major contracts; and, finally, that the government amend its GMA to include policies on subcontracting.

Mr. Chairperson: Thank you, Madam Auditor General.

Now we'll turn to the deputy minister and ask whether he has an opening statement.

Mr. Eliasson, proceed, please.

Mr. Hugh Eliasson (Deputy Minister of Competitiveness and Training): I'd like to thank you for the opportunity to update the committee on the implementation on the recommendations coming out of the special audit of the image campaign.

I am pleased to inform the committee today that all five recommendations have been fully implemented. This audit was undertaken as a result of an all-party request to the office of the Auditor General to investigate the Spirited Energy campaign, and I'd like to thank her office for the thorough job that was undertaken.

As I mentioned, there were five implementations in total that have been implemented. The first, an overall project management function should be established for any future phases of the image campaign. The report acknowledged that this was a unique and unprecedented collaboration between the private and public sector. There was no guidebook on how to manage it. Government took its cue from the volunteers which at times made the project more challenging. Following the completion of the audit, the private sector and community volunteers that had been leading the interim council felt it was critical that an independent council be established to manage the promotion of Manitoba. I am pleased to report that a board and an executive director were fully established by the spring of 2009.

The second recommendation, that contracts and agreements clearly set out specific expectations regarding supporting documentation requirements for expense reimbursement, these changes have been

made and are reflected in the General Manual of Administration in section 10.

* (21:10)

The third recommendation, that tendered documents fully describe the expected time frame of resulting contracts and provide details about the pricing basis, has been incorporated into all communication services Manitoba tendering procedure guidelines.

The fourth, that in future phases of the image campaign, more lead time in planning is required to ensure tendering on all major contracts. The campaign that ran in late fall of 2008, including production of the TV ad, print and Internet ads, was developed over a longer period of time and all contracts were tendered.

Finally, the fifth, that the government amend its General Manual of Administration to include policies on subcontracting. This amendment has been made and is reflected in section 6 of the General Manual of Administration.

Furthermore, the report verified that all expenditures were consistent with what had already been stated to the public and that awarding of the contracts to vendors was consistent with government policies and procedures. It confirmed that funding provided to the campaign was spent as intended and reported and that vendor selection, contracting and overall procurement were done fairly and according to established government processes. The aims of the campaign were clear and funding procedures were followed. All goods and services paid for were received.

It verified that research, such as focus groups, used in the development of the campaign was conducted according to industry standards and used as intended and that the findings and results informed successive aspects of the campaign. It recognized that placing branding is more challenging—place branding is more challenging than product branding and is a long-term process that requires conveying a consistent image over time. It also concluded that the entire campaign was initiated by the Premier's Economic Advisory Council as a public-private collaboration.

The report speaks to the uniqueness of how this work will be carried on into the future through the creation of a non-governmental organization to manage the brand as a community-driven initiative, whereas in other jurisdictions government agencies

typically assume responsibility for ongoing brand management.

Thank you for allowing me this opportunity to briefly introduce our response to the Auditor's report.

Mr. Chairperson: Thank you, Mr. Deputy Minister. The floor is now open for questions.

Mrs. Leanne Rowat (Minnedosa): First I would like to thank the Auditor General for agreeing to do this audit for us, for the PAC committee. I do know that she probably had some challenges before her in determining how best to proceed with this, but I think that Manitobans were concerned with regard to how this campaign was moving forward and they wanted to ensure that there was some transparency and accountability. So your office did provide us with a report and provided five recommendations, and I'm pleased to see that the department has followed through on those recommendations.

The Auditor, in indicating that some agreed with the campaign and others didn't, is factual. We, through different venues of the Legislature, went through processes and identified positives and, obviously, weaknesses in that campaign. Our concerns were that decisions with regard to information were not being shared in a reasonable manner, and that was confirmed by the Ombudsman.

So I'm going to start with a couple of questions with regard to program effectiveness. Can the deputy minister provide for me his comments on how effective the first phase and second phase of Spirited Energy—in his mind, how effective they were.

Mr. Eliasson: I think it's clear that establishing a brand for Manitoba and an image for Manitoba, through an advertising promotional campaign, is a long-term process and it's not going to occur through one flight of ads, and so the first series of Spirited Energy campaign was undertaken. There was a hiatus as the Auditor General's office conducted their work. There was a campaign that ran in '08-09, and I think it's far too early to draw conclusions on the effectiveness.

I can tell you that the work that was done in establishing the campaign, the focus groups, the research that was done, provides a very effective baseline to manage future changes, or to measure future changes, in the perceptions and images that people hold for Manitoba, and those will be valuable in providing an in-depth evaluation at an appropriate point in time. I don't believe that point in time has arrived to conduct that kind of in-depth evaluation.

The funding that's provided to the council is by way of a grant, with a grant agreement and there are reporting requirements and accountabilities within that to ensure that money is being spent for the purposes that it was intended, so there's an ongoing monitoring of that. But I don't think that the overall effectiveness of the promotional effort is gonna be capable of being measured for some time. The council is in the process of developing a three-year plan now, and perhaps at the conclusion of that three-year plan it may be appropriate to invest the necessary resources to measure, but the measurement isn't inexpensive. It, you know, involves the same kind of research that established the baseline measures, and so I think you have to be very judicious when you choose to do that. Sort of pulling the plant up every six months to see how the roots are doing is probably not the best way to monitor these things. So I think that we have to be patient enough to conduct the measurement at an appropriate time.

Mrs. Rowat: During the process of Spirited Energy, phase 1 and 2, we asked continuously questions with regard to benchmarks and the successes, and asking what types of benchmarks were in place to help you identify success. Now that you're obviously into another phase, what type of benchmarks are in place to determine success so that Manitobans know that their dollars that are going towards this campaign are actually being met?

Mr. Eliasson: The council is just proposing the next phase of the campaign now. There's been a proposal put to government. It's not been analyzed at this point, and so no conclusions have been drawn on it at this point. It provides for the next year of the campaign. We'll be working with the council to develop a three-year plan for the campaign, and included within that will be the benchmarks and measurement at the conclusion of that three-year term.

Mrs. Rowat: Thank you, Mr. Chair. Can the deputy provide for me just some examples of benchmarks that have been shared or discussed?

Mr. Eliasson: Some examples would be monitoring—conducting Internet polling and then conducting further focus groups.

Mrs. Rowat: Thank you, Mr. Chair. With regard to your Web site that you have presently in place, I think it's the Start Living Web site that you can access, can the deputy indicate to me was that Web

site tendered and who's managing that site at this present time?

Mr. Eliasson: I can confirm that it was tendered and it's being managed by the Promotion Council and their advertising agency.

Mrs. Rowat: I'm sorry. What was the last statement that you made?

Floor Comment: It's being managed by their Promotion Council and their advertising agency.

Mrs. Rowat: Can the deputy indicate to me who is sitting on the Manitoba promotional council? I know that at one point there was a press release that was put out that indicated the interim board. Can the deputy minister indicate to me who presently sits on the Manitoba promotional council?

* (21:20)

Mr. Eliasson: The Manitoba Promotion Council board is chaired by Jim August, who is the CEO of the North Portage Forks development corporation. Directors of the board are Peggy May, who is a representative of the Winnipeg Airports Authority; Bill Morrissey, who's a representative of the Winnipeg Chamber of Commerce; Mariette Mulaire, who's a representative of ANIM; Cindy Stevens from the government of Manitoba; Julie Turenne-Maynard, who's a representative of the Manitoba Chambers of Commerce; Lori Walder from Destination Winnipeg; and Linda Whitfield from Travel Manitoba; and last spring the council hired an executive director, a gentleman named Rob Walker [*phonetic*].

Mrs. Rowat: Thank you, Mr. Chair. Can the deputy minister indicate to me what is the status of your operating budget for this council?

Mr. Eliasson: The council had operating expenditures of \$280,000 approved for '08-09. They had a advertising budget of \$2 million approved for '08-09, and they've just submitted, as I mentioned, their proposal for the '09-10 fiscal year.

Mrs. Rowat: Thank you, Mr. Chair. So the \$2 million that was allocated for last year, that was the phase where you did out-of-province advertising and promotion. Was there any types of benchmarks that were set, and were they met? What were they and what was the status of that?

Mr. Eliasson: There was some Internet polling and focus testing done. The results indicated that it

moved perceptions of Manitoba in a minor way, but then it was a small and short-term campaign, so.

Mrs. Rowat: Thank you, Mr. Chair. As you had indicated, was it the promotion that co-ordinated the Internet survey and also co-ordinated the full campaign?

Mr. Eliasson: Yes.

Mrs. Rowat: Mr. Chair, with regard to the audit that was done on the campaign, there were a number of inadequate information submissions or lack of submissions, I guess. It was noted in one component of the audit that there was an agreement date, December 19, 2005, that was referred to in a number of audits—or a number of invoices. I'm wondering if you could provide for me what exactly the true reference is to that point and what type of an agreement would have been made on that date in more detail than what was provided in the invoices.

Mr. Chairperson: Just a point of order. Mrs. Rowat, can you reference a page number in the report, please, just for the committee's information? Is it on page 21, Mrs. Rowat?

Mrs. Rowat: It's with Interbrand.

Mr. Chair, I'm just going to rephrase that. It's later and I can't remember where I got that figure.

Mr. Chairperson: I'm sorry, Mrs. Rowat.

Mrs. Rowat: Yeah, thank you. It is later and I'm—what I had spotted earlier in my research was that Interbrand Canada had a number of invoices that were not clear in their, I guess, receipting back to the government, and the reference that they used was agreement date December 19, 2005, is what the reference code was, and I'm just wanting to know if the deputy minister can provide additional information, or maybe he can't at this point, but during some of the invoice submissions there wasn't a clear indication of what those dollars were being used for. I guess it ties into the—one of the recommendations that was presented by—or recommendations made by the Auditor General that, you know, that documents fully describe, you know, the resulting contracts and the pricing basis. So that was an example. So if—I was just wanting to know, you know, how we're—I guess, what are you doing to address those types of invoices being shared to you? I know that working within government, there is an expectation that it's a clear and transparent process of what invoices are being submitted and how those dollars are being spent. So, I guess, in a roundabout

way, at this time of the evening, I'm just asking you how are you—are you addressing those types of discrepancies or questions?

Mr. Eliasson: The recommendations from the Auditor General in two areas suggested changes to the General Manual of Administration, and one of the changes that has been made to the General Manual of Administration deals with subcontracts and that is, where subcontracting is anticipated, the contract should include a provision to ensure that the contractor is fully aware of its responsibility for the entire contract, including the work of its subcontractors, and where the issue of subcontracting is considered after awarding the contract, the sponsoring department must be in agreement and the contractor is required to certify that the proposed subcontract is to be subject to the same conditions as the original contract, and that sample terms and conditions related to subcontracts may be obtained by contacting a central procurement group within the province. So that was one change that was made that dealt with—specifically with subcontracting, and then there's quite a lengthy section of the General Manual of Administration that's been added dealing with expenses incurred by the contractor, just to make clear what the expectation is in terms of the standards that—of expense incurrence—governs a contract. It's quite lengthy and I could recite it for you, but at this hour, I'm not sure that a long discussion of General Manual of Administration is—

Mr. Chairperson: Thank you very much, Mr. Eliasson.

Mr. Borotsik: Yeah, just a couple of questions, and I know, Mr. Eliasson, that you administered this particular program, and it was a direction that was given to you by others and you did a reasonable job under the circumstances. But there's one area here where it talks about the purchase of promotional materials and merchandise. And it was part of the branding process and I understand marketing, I understand branding and I understand that there's a requirement to get some excitement generated. Some of that merchandise that was purchased—pins, umbrellas, T-shirts, water bottles—is there any of that inventory remaining, and if so, how much of that inventory is still there?

Mr. Eliasson: No, the demand was so strong that it's all gone.

Mr. Borotsik: Was the demand so strong that they were giveaways, Mr. Eliasson, or were they actually

sold as merchandise, and if so, what was the revenue that was generated from the merchandise?

Mr. Eliasson: Some of the materials were sold on the Web site, but it's not uncommon to use promotional materials as a giveaway item to promote a particular cause, and so the majority of it was given.

Mr. Borotsik: So we don't have a number as to the actual revenue generation from that particular merchandise?

Mr. Eliasson: I don't have that number at hand, but I could easily get it for you. It's—

Mr. Borotsik: No, from your answer, it seems that it's not going to be terribly substantial. I don't think there'll be a recovery of some \$628,000 from the promotional merchandise.

I am curious, and I do know that there's difficulty in a branding, marketing program, but you did say that the initial phases of the Spirited Energy has achieved, and these are your words, achieved the base line. So you've achieved the base line, and then what we try to do, obviously, with future phases and your committee, is to build on that base line.

* (21:30)

Can you help with this and just tell me exactly what base line that you have achieved? I know my colleague from Minnedosa has asked benchmarks. I'll change that. You have to have a base line. You've achieved it. What is the base line, and how do you grow that base line?

Mr. Eliasson: The context with which I was answering was in terms of evaluation of the campaign, and at the outset of the Spirited Energy campaign there was a significant investment in focus groups and of measuring people's impressions of Manitoba in a variety of markets. So that information provides a base-line measure that can be used for subsequent evaluations, so you can measure the extent to which you've moved, hopefully, in a positive way, people's impressions of Manitoba.

Mr. Borotsik: Last question, if I can, to the deputy minister. In order for corporations to brand themselves, such as Coca-Cola and Nike, and a number of the other very successful corporations, they spend literally hundreds of millions of dollars per year in trying to develop that brand name.

I see that in the Auditor General's report she's identified some of the areas that have attempted to do

the rebranding campaign, as well. Montreal spent \$23 million. Saskatchewan government spent \$14 million for Our Future is Wide Open, and I can't recall that campaign. Toronto spent \$4 million. Do you feel that with the limited resources that you've had and will have—

An Honourable Member: Do you want us to spend more?

Mr. Borotsik: No, I'm just saying that in order to achieve something out of this you have to be very committed to it.

I don't believe that the \$2 million that were expended on the Spirited Energy campaign could achieve anything of that nature, and I don't suspect that the monies are available going forward. I don't know what your budget is for the committee going forward for 2009-2010, as it hasn't been approved, but I recall you saying the committee had \$280,000 for 208-209, or I believe it was 2008-2009. Mr. Chair, \$280,000 is not something that's going to achieve an awful lot. Would you agree with that comment, or is that a policy issue that you don't want to discuss?

Mr. Chairperson: Mr. Borotsik, I'm going to have to rule that question out of order—

An Honourable Member: Okay, fine.

Mr. Chairperson: —because you're asking not only for an opinion, but you're asking for someone to speculate. I think that question is somewhat out of order.

An Honourable Member: I know the deputy minister can't achieve what he wants to achieve—

Mr. Chairperson: Order, Mr. Borotsik. So that question is out of order. Seeing no other—Mr. Lamoureux, you had a question.

Mr. Lamoureux: Yes, thank you, Mr. Chair.

Mr. Chairperson: Order, please.

Mr. Lamoureux: We were trying to establish the cost factor for this whole campaign in terms of taxpayers' point of view, and part of it was the redesign of Manitoba's buffalo. Is that included in the \$2.8 million plus that we've spent and, if so, where, where would the vendor be on page 14 and 15, where that money would have been allocated to?

Mr. Eliasson: That was included in the overall \$2.8 million and it was part of Interbrand's costs.

Mr. Lamoureux: One last question on that particular point is, what would've the cost been for the redesign of the buffalo?

Mr. Eliasson: It was part of the overall brand that was presented, so it wasn't costed separately.

Mr. Lamoureux: You have what they call brand partners, and it's listed in appendix A. Can you indicate to me in terms of what is all involved in terms of being a brand partner? Is it just someone that says, I'll put up a banner? Do they have to give up, do they have to pay to become a brand partner? What's all involved in being a brand partner?

Mr. Eliasson: The brand partners are organizations that want to use the brand as part of their own marketing efforts for their own organization or their own company, and they accept the protocol and the use of the brand when they sign on as a partner.

Mr. Lamoureux: So there is absolutely no cost benefit at all for any—for the taxpayer to be a brand partner. Anyone, in essence, could say, yeah, I want to use it, so count me in as a brand partner.

Mr. Eliasson: I think there's a big benefit to Manitoba to have a number of partners utilizing the brand in their own promotional efforts that comes at no cost to the Manitoba taxpayer.

Mr. Lamoureux: Now there was also an issue in terms of these large banners that would have been over the city. The cost of those banners would be incorporated in that, also that \$2.8 million?

Mr. Eliasson: Yes.

Mr. Lamoureux: Now, I understand that there was also private companies that participated. Were there any private companies that were, would have given large sums of cash outside of, you know, tradeoffs, as opposed to yeah, we'll give X number of advertising dollars for free type of thing? Did the Province receive any cash from the private sector?

Mr. Eliasson: The private contribution was in-kind contributions, and I don't have the figures right at my fingertips, but not insignificant. You know, when CanWest makes available advertising space that would otherwise cost X number of dollars, that's a very real contribution to the campaign.

Mr. Lamoureux: So the government then would have paid CKND—you mentioned CanWest—from what I understand, \$71,000 for advertising. For CBC, I don't even see listed on here. Would that have been like, because there's that exchange that takes place?

Like, why would there be \$70,000 on CKND and nothing on CBC, as an example, as an expense? And that would be on page 52.

Mr. Eliasson: Some media placement was purchased and some was contributed, so the numbers that show up here reflect that that was purchased.

Mr. Lamoureux: Typically, how would that occur, and again, like when I look at here, you have different media buys in terms of the determination? CKY, for example, I believe is at \$70,000. You know, *The Winnipeg Sun*, the *Winnipeg Free Press*, is there some sort of a protocol that government uses to say, here's how much money we're going to be spending on each media outlet? Like, who or how do you make that determination?

Mr. Eliasson: The allocation of a media-buy budget is recommended by professional media buyers who analyze the gross rating points that are available, the number of people that can be reached through any particular medium and put together a mix that optimizes the use of a media_buy budget.

Mr. Lamoureux: Because, I guess, finally, and I would say it more so in raising the issue with the provincial Auditor because the media buy is something in which many different departments enter into, and you know, I would look to her to respond if—is there, you know, a—I know, if it's a policy or is there a procedure that generally would protect the taxpayers' interest when government goes out to purchase media buys as opposed to leaving it to one agency. If you follow what it is that I'm suggesting, is that it's pretty much wide open. CBC gets nothing, CKY gets \$70,000, CKND gets \$71,000. You know, it goes outside of this particular report, but is it something in which the Auditor ever has taken into consideration in doing a report of this nature?

Ms. Bellringer: In terms of did we look at the policy and whether or not it was appropriate. No. We didn't.

Mr. Lamoureux: Maybe just to be a bit more specific on it, to what degree the government actually advertises, in particular, we'll go with the Spirited Energy campaign. To what degree does the—would the Auditor, in looking at the advertising, do you just look at just strictly the dollar value and then you report on it? Do you call into question in terms of other decisions? Like, I'm just a little bit lost on that particular point. Does that make sense?

* (21:40)

Ms. Bellringer: Your question makes sense, and, certainly, it's something we can at, you know, we could choose to look at. But on a—we have no reason to on a regular basis. Like, we don't approve expenditures of a, you know, that on a—we audit the results of the operations for the year for Public Accounts and we wouldn't—we don't—we only look at it for whether it was spent for what it was voted on. We don't look at it for that kind of, of broader purpose unless we choose to do an audit in that area. We have not chosen to do an audit in that area. And it's when you look at the infinite number of areas within all government spending that we could choose to do and then within that grouping which we, you know, we just haven't chosen to do it. It's not that we couldn't.

Mr. Lamoureux: And then—yeah. CBC is on? *[interjection]*

Mr. Chairperson: Mr. Lamoureux?

Mr. Lamoureux: And I appreciate that being brought to my attention. CBC is on, just Canadian broadcasting.

An Honourable Member: Almost identical.

Mr. Lamoureux: I guess, and it is almost identical, and I guess that, that's what I'm looking for, is that there should be some sort of a protocol for government advertising that takes place. And when I look at the Spirited Energy fund, whether it's this or it's budget advertising that takes place, I think that it's in the Province's best interest to have some sort of a protocol that says—and I don't think it's a policy question. I think it has more to do with just ensuring

that we're getting best value for our dollars. If we—and I'll just leave it at that. After all, it is getting late.

Thank you, Mr. Chair.

Ms. Howard: No, I just didn't want our friends at the CBC to feel left out so I was just going to point out that there was \$70,519 to the Canadian Broadcasting Corp. on page 51. So they were included in the payment.

Mr. Rondeau: I was just going to say that if we can keep to the policy and documents here. We did follow the five recommendations and so we did talk about the Auditor General's report provided some very, very good suggestions on how to improve certain deficiencies and we moved forward on those.

Mr. Chairperson: Unnecessary, but thank you and I don't mean that facetiously. I mean, it's a—not quite appropriate. But thank you.

Hearing—seeing no other hands up at this time, I'm going to ask the question.

Shall the Auditor General's Report, Special Audit, Image Campaign for the Province of Manitoba, dated October 2007 pass?

Some Honourable Members: Pass.

Mr. Chairperson: Passed. This report is accordingly passed.

The hour being 9:43, what is the will of the committee?

Some Honourable Members: Committee rise.

Mr. Chairperson: Committee rise.

COMMITTEE ROSE AT: 9:43 p.m.

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