

**Fourth Session - Thirty-Ninth Legislature**  
**of the**  
**Legislative Assembly of Manitoba**  
**Standing Committee**  
**on**  
**Public Accounts**

*Chairperson*  
*Mr. Leonard Derkach*  
*Constituency of Russell*

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**Thirty-Ninth Legislature**

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**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON PUBLIC ACCOUNTS**

**Wednesday, March 24, 2010**

**TIME – 7 p.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – Mr. Leonard Derkach (Russell)**

**VICE-CHAIRPERSON – Mr. Gregory Dewar (Selkirk)**

**ATTENDANCE – 11 QUORUM – 6**

*Members of the Committee present:*

*Hon. Ms. Wowchuk*

*Mr. Borotsik, Ms. Braun, Messrs. Derkach, Dewar, Mrs. Driedger, Messrs. Jha, Lamoureux, Martindale, Ms. Selby, Mrs. Stefanson*

**APPEARING:**

*Hon. Andrew Swan, MLA for Minto*

*Hon. Gord Mackintosh, MLA for St. Johns*

*Hon. Steve Ashton, MLA for Thompson*

*Ms. Carol Bellringer, Auditor General*

*Mr. Jeff Schnoor, Deputy Minister of Justice and Deputy Attorney General*

*Mr. Grant Doak, Acting Deputy Minister of Family Services and Consumer Affairs*

*Mr. Doug McNeil, Deputy Minister of Infrastructure and Transportation*

**MATTERS UNDER CONSIDERATION:**

*Auditor General's Report–Follow-Up of Previously Issued Recommendations–A Review, dated March 2009*

\* \* \*

**Mr. Chairperson:** Ladies and gentlemen, can I ask members of the committee to take their chairs, please.

Good evening, everybody. Will the Standing Committee on Public Accounts please come to order.

This meeting has been called to consider the Auditor General's Report–Follow-Up of Previously Issued Recommendations–A Review, dated March 2009.

For the committee's information, certain sections of this report had previously been identified for consideration tonight, with our invited witnesses

organized as follows: section 25, Planning for Highway Construction, Rehabilitation and Maintenance, with the Deputy Minister of Infrastructure and Transportation; section 28, Maintenance Enforcement Program, and section 29, the Fine Option Program section, with the Minister and Deputy Minister of Justice; section 18, Child, Family and Community Development Branch–Agency Accountability; section 19, Child Day Care Program–Financial Subsidies; and section 22, Family Services and Housing–Child Protection and Support Services, with the Minister and Deputy Minister of Family Services and Consumer Affairs.

Before we go any further, at our last meeting on March 3rd, 2010, Mr. Martindale made a request to the Chair and the Clerk to provide further information to the committee on the matter of ministers and deputy ministers answering questions when appearing before PAC.

I would, first of all, thank Mr. Martindale for his question, as it provides an opportunity to clarify an important process relating to the proper functioning of this committee.

\* (19:10)

As the committee is aware, our rule 118.1 allows for both ministers and deputy ministers to be invited to appear as witnesses before the committee. In reviewing the proceedings of the committee over the last year, I would note that on at least three occasions a minister sought to answer a question directed at the deputy minister. In those instances, as Chair, I requested that the deputy minister answer the question first, while allowing the minister to contribute to the answer following the deputy minister. On a few other occasions, the deputy minister chose to defer to the minister when a question was directed to him and, as Chair, I allowed that at the time as well.

This is the process I intended to relate to the committee at the last meeting. When a question is directed at the deputy minister, I will first allow the deputy minister the opportunity to answer the question. If the minister wishes–also wishes to contribute to the answer, I will certainly recognize them to speak after the deputy concludes their

remarks. If the deputy minister chooses to defer to the minister, I will also follow that suggestion. This is the process I have been following for some time now and that I will continue to follow in the future.

And I'd just like to inform our committee that the focus on witnesses shifted from ministers to deputy ministers in the following ways: the committee—this committee has been evolving since 2007. The trend toward a greater focus on deputy ministers as witnesses began in early 2008. Around the same time, we started having the premeeting briefing sessions and discussions—and discussing best practices for the committees, and the move to greater focus on deputy ministers was also linked to the shift from policy to administrative questions.

And to that extent, I have to indicate that, as Chair, I had made a commitment to this committee that if questions of policy were asked, I would not expect a deputy minister to answer those questions, that indeed those were questions that were best referred to a minister. But as a rule, as a general rule, we try to stay away from as many policy questions as possible and deal more with administrative issues, and I think, as a committee, we had all agreed that that would be a more fruitful process than the previous one.

So, Mr. Martindale, are you satisfied that we've answered your question adequately?

**Mr. Doug Martindale (Burrows):** Yes, I am.

**Mr. Chairperson:** Thank you so much.

So, before we get started this evening, I also welcome Mr. Geoff Dubrow, who is a consultant, and has been advising our committee on—in terms of our processes, and I welcome him to the meeting this evening, and we will now proceed.

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

**Mr. Martindale:** Mr. Chairperson, I recommend that we sit till 9 p.m. or after we pass the report, whichever comes first.

**Mr. Chairperson:** Thank you. It's—I should clarify that we will be dealing with chapters of a report. We don't have the entire report before us, so we'll be dealing with chapters. So I'm assuming chapters is what you were referring to.

**Mr. Martindale:** Yes, that's right.

**Mr. Chairperson:** Thank you. Is there agreement that we sit till 9 o'clock or unless we pass the chapters of the reports that are being considered first? *[Agreed]*

Are there any suggestions as to the order in which we should consider the various sections of this report?

**Mrs. Heather Stefanson (Tuxedo):** I think just any order that they appear in the agenda would be great.

**Mr. Chairperson:** Is that agreed? In the order that they appear on the agenda?

**Ms. Erna Braun (Rossmere):** I'm just wondering whether we could do the ones from Justice, and then Child and Family, and then do the Highways at the tail end.

**Mr. Chairperson:** What is the—what are the views of the committee? *[Agreed]*

Okay. So we will be asking the Deputy Minister of Justice and the Minister of Justice (Mr. Swan) to come forward as witnesses for the first report, please.

So we will begin with section 28 and 29: 28, Maintenance Enforcement Program and section 29, the Fine Options Program section.

For these sections, does the Auditor General wish to make an opening statement?

**Ms. Carol Bellringer (Auditor General):** Mr. Chair, I'd first like to introduce two audit principals from my office who are joining me this evening, Melissa Emslie and Phil Torchia. They were the audit principals who worked on all of the chapters of this report and have done so now for three consecutive reports.

The follow-up report—I'm just going to give you a brief outline in general of what is included in the full report. There are a total of 33 reports that were originally issued from 1997 through 2005. We do the follow-up three years following the release of the report. Those 33 reports contained 627 recommendations, and we provide in here the status as at June 30th, 2008. We obtained that status from management and we don't re-audit each of the areas, but we do conduct what we call review procedures.

So we—in particular, when a recommendation is considered by the department or the organization to have been implemented, we will look for some

evidence to indicate that that's the case. Of those 627 recommendations in this 2009 report, 73 percent of them were considered cleared, and in considering them cleared, they may be implemented or resolved or they may in fact be something that the department or organization does not intend to implement, and there were only 12 such recommendations where they were not to be implemented.

There are a couple of older reports—over five years old, 15 reports—and a little less than 10 percent—66 recommendations—relate to those older reports.

We provide a status on each of these as to whether they're implemented or resolved, whether we consider that the conditions in the original report have somehow changed and the action's no longer required. We'll indicate whether or not, as I mentioned already, that the department or organization doesn't intend to implement the recommendation. We would suggest that the Public Accounts Committee may wish to inquire as to why that might be. And we will then indicate if it's still in progress or, if it hasn't yet started, that they do still plan to take action.

On the two reports in Department of Justice, the Maintenance Enforcement Program, we, in the follow-up report, point to one recommendation that has been implemented and eight which remain in progress and one which the department doesn't intend to implement. And, for the Fine Option Program, there are two recommendations, one of which is implemented and one remaining in progress that we report on, and in both cases, there are other recommendations that were previously followed up and reported to last year.

**Mr. Chairperson:** Thank you, Madam Auditor General.

Deputy Minister Schnoor, do you have an opening statement, and if so, you may proceed with it.

**Mr. Jeff Schnoor (Deputy Minister of Justice and Deputy Attorney General):** Thank you very much. I'd like to thank you for the opportunity to update the committee on the department's progress in respect of the matters discussed in the Auditor General's 2009 follow-up of previously issued recommendations. My comments will actually be very brief.

As I reported to this committee last year, the department has been actively working towards addressing the recommendations of the Auditor

General. All but one of the recommendations have been acted upon within the limits of the Maintenance Enforcement Program's existing information system. Further action is contingent on replacing that information system, and substantial effort continues to be expended to that end.

When I appeared before the committee last year, I provided information on the activities up to 2009 relating to the selection of Alberta's maintenance enforcement system, known as MIMS, its acquisition for the sum of \$1 and the steps that we had commenced to adapt the system to Manitoba's requirements. Unless it's the committee's will, I don't propose to repeat that background. By way of update, I can advise that a vendor contract is in place for the first of two phases of the project with an anticipated completion date of June 2010. This first phase was originally to be completed in October 2009, but a decision was made to expand it to include more detailed scoping, which was originally planned for phase 2. The full project is still anticipated to be completed in 2011, bearing in mind that some legislative changes may be required.

\* (19:20)

With respect to the single recommendation for the Fine Option Program noted as a work in progress, I advised this committee last year that it has been implemented. The manager of the Fine Option Program has developed a review template and cyclical schedule for the ongoing review of community resource centres throughout the province.

Community resource centres, CRCs, are being reviewed on an annual or three-year basis depending on the CRCs' level of experience and number of registrations. Several reviews have been completed and will continue as scheduled review dates arise.

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

**Mrs. Stefanson:** Thank you for that opening statement.

I do have a few questions with respect to this report, and there was one recommendation that was made, recommendation No. 13, that the departmental management account for full cost of the program, and the status of that is stated to be that you do not intend to implement that. Could you explain that?

**Mr. Schnoor:** Sure. The department's view is essentially that that recommendation extends to

accounting practices well beyond our department and it's an issue that would have to be addressed on a government-wide basis.

It's also our view that it would be difficult and perhaps impossible for us to actually do it because there are several supporting activities that are undertaken by areas outside of the Maintenance Enforcement Program but in many cases don't constitute a definable percentage of the time of the individuals or the organization. So that, for example, these would include courts themselves, and all the structure associated with the courts, aspects of administration and finance, including the assistant deputy minister and my own office, sheriff services, Infrastructure, Government Services, ICT services, and the Family Law branch, which, of course, provides a substantial amount of service to the Maintenance Enforcement Program. And, in addition, the work of the Maintenance Enforcement Program also partially offsets the Employment and Income Assistance fund in the Department of Family Services and Consumer Affairs.

So our view, leaving aside the philosophical aspects around that, our view is that it is not something that we could practically do.

**Mrs. Stefanson:** There is just a footnote underneath here that says this recommendation was followed up and deemed to be cleared as at December 31st, 2005, however, the results of this review were not publicly reported. Why would that be? Was that—sorry—why would that be? The Auditor.

**Ms. Bellringer:** You'll actually see that throughout the report, and it was a 2005 report that covered many of the departments that at the time we didn't issue, and we just made reference to the fact that that's the case with a number of them. It's not specifically on that particular report.

**Mrs. Stefanson:** I guess I'd like to ask the Auditor as well, I mean, we've heard from the department, how they feel that this is a difficult thing to achieve. I believe that's what you're saying, that it sort of goes beyond the scope of just your department with other areas, and I'm wondering how—when this report was written, how was it—because I think that this is a very important issue. I think Manitobans would want to know the departmental management account for the full cost of the program.

How can we go about doing that and achieving that? How would you recommend that we move

forward with that so that Manitobans—so we can be accountable with Manitobans?

**Ms. Bellringer:** You ask a very good but broad question. I agree with the department, it goes beyond just this program area. It isn't—we don't use full-cost accounting for every program out there. So I would see that it—you have to strike a good balance between—you have the costs available to you in there, in total, in the Estimates process but they're not categorized the way this would suggest. It would be an expensive thing to do full costing on every program out there.

At the time that the audit was done, I don't know exactly what went into it. I didn't conduct the audit myself. Having said that, I think it's appropriate to ask the question and see whether it is practical. And the department's response that it would not be practical given the number of organizations from whom they would have to get that information just really wouldn't give you a benefit that exceeded the cost of getting that information pulled together.

So I actually agree with the position that they've provided. I thought it was important for you to see it. Are there times where we might want to look at the whole costing methodology used by the Province as a whole? Probably. We haven't done so, and we'll certainly keep it in mind for the future.

**Mrs. Stefanson:** It says that there's one recommendation that's been implemented and resolved and that eight are in progress and, specifically, No. 2, 4, 7, 8, 9, 10, 11 and 12 that are in the process of being implemented. This has been, I guess, for quite some time. This goes back to, I guess, 1997 when these recommendations first came out. Is there a time frame for completion that you are setting for your department?

**Mr. Schnoor:** Yes. First I could say that the—I went into some detail last year before the committee in explaining why it's taken from 1997 to the present, and so I refer you back to that unless you want to hear it again. But, in direct response, yes, our aim is to have the program completed by 2011.

**Mrs. Stefanson:** And I guess my question to the Auditor is that do you believe that that's a reasonable time frame, given these recommendations? Should it be sooner than that, or do you believe that that's acceptable in your eyes to complete these recommendations?

**Ms. Bellringer:** I think I'll answer that in two parts. The time frame going forward is reasonable. Would

we have expected it to have been done sooner? In general terms, when we issue a report, the reason we follow it up three years following the issuance of the recommendations is we think three years is an adequate period of time to implement any recommendation that we've made.

There were circumstances the department described, and there were reasons why they chose to go through purchasing something that obviously wasn't tailored and created for them and costing a lot. I think that does get into—I would have liked to have seen it done sooner, but, obviously, we can't turn the clock back, and so now the process going forward appears to be reasonable.

**Mr. Rick Borotsik (Brandon West):** Thank you, Mr. Schnoor, for once again appearing before the committee. It's very promising to know that by 2011 we should have the project completed. I guess—and I can't recall what your answer may have been initially, why Alberta and why the cost of the dollar? It really is rather intriguing, quite frankly. I understand that Alberta has—

**An Honourable Member:** Negotiator.

**Mr. Borotsik:** Yeah, great negotiator. We should maybe talk about other areas that maybe you could negotiate; we won't go there.

Can you just tell me exactly what the process was with the information system from Alberta and why you felt it was the best one to implement here in Manitoba as well?

**Mr. Schnoor:** Well, I can indicate that we went through—the department went through a fairly exhaustive process right up until about 2005, where alternatives from other provinces were considered. We also looked at the likely cost of building a system ourselves and we thought that the system in Alberta offered the best combination of functionality and similarities to our business processes.

We were very fortunate, indeed, that Alberta was happy to let us have the system for free. I can say that we've returned the favour with the Prosecutions program. So I think it's a good example of interprovincial co-operation.

\* (19:30)

**Mr. Borotsik:** Quid pro quo. That's very nice.

You say that you've got phase 1—phase 1 will be up and operational in June 2010 and you anticipate

that it'll be larger than what you originally anticipated. Is it functional now? Are you now currently using a portion of the system, or is it something that just has a fire-up or start-up date as of June 2010?

**Mr. Schnoor:** Yes, the development of information technology is amazingly complex, as I've learned in my association with this. I was actually the assistant deputy minister of Courts at the time that we got the approval for developing the program, so I'm more knowledgeable about it than most and it makes my head spin from time to time, I must say honestly.

No, it's going to take that entire period of time, up until 2011, to achieve a program that works. The second phase that I described that we'll launch into after June of 2010 is the phase in which the program is actually built because there are a number of modifications that are required. So the actual building starts in phase 2.

Phase 1 involves the installation of the program in the Manitoba managed environment for testing compatibility purposes, a mapping of the existing business processes within the maintenance enforcement program, a mapping of the computer system itself, an analysis of the gaps between them so that the—it's been—the word that was used for me—so that the recipe for the system can create it for the builders in phase 2.

**Mr. Borotsik:** Thank you, and I do appreciate the fact that any kind of a new system start up is very complicated and sometimes has a few bugs to iron out even when you set it up.

I do congratulate you however, knowing the case files that I have working on, certainly, most of the issues has to do with the system itself and not the follow-up, unfortunately, because of certain things falling through the cracks. So the automated system certainly is a step in the right direction and I congratulate you on that.

You did mention may require some legislative changes. Can you expand a little bit on what type of changes you feel that might be required under legislation?

**Mr. Schnoor:** Well, honestly, I'm not sure whether that's something I appropriately should be saying. It's Cabinet that will make the decision on whether legislative changes will take place or not. So when I seek guidance from my minister I'm not sure—I think that constitutes advice to my minister.

**Mr. Borotsik:** Fair ball. I would be more than happy to ask the minister that particular question. I'm just curious as to what kind of legislative changes might be required in order to implement simply an automated system.

**Hon. Andrew Swan (Minister of Justice and Attorney General):** I don't want to make this a circular question but the specifics may very well come from getting to phase 2 and being told by the IT experts what has to happen. So there may well be some technical changes in legislation that are needed in order to ensure the system can work as we would plan.

**Mr. Borotsik:** Thank you. I was a little bit circular, but I do thank the minister for his answer. I suspect we're going to have to get the administration to ask the minister, based on what happens in phase 2. So I do thank you for that.

I guess the last question I have, and I know we go back to the original issue date of 1997, I know the department has been fairly antiquated for quite a while, going back to 1997. Why so long?

And I know you've gone through the process, Mr. Schnoor. I know you've asked other provinces what their systems are like. You've obviously come up with the best. But was the department not looking at this kind of a system back in the 1997, '98, '99? I appreciate you were not the deputy minister then, but there should be some sort of an institutional memory somewhere within the department. Why were we so far behind?

**Mr. Schnoor:** Well, I did go into some of this last time, but I'm happy to try to explain again.

Essentially, from '97 to 2004, during that period the department reviewed the recommendations and implemented a number of internal processes to address a number of the recommendations as interim solutions pending an enhanced computer system. So, it's not as though nothing was done and, as I said last year, these steps included creating a policy and procedure manual, setting up internal data bases, amalgamating regional MEP services from part-time activities handled by shared staff in court offices and two, three Maintenance Enforcement Program offices with dedicated personnel, segregating accounts by unit type based on the type of enforcement action required to collect the outstanding family support, and exploring the development of a new system. A quality assurance officer was assigned to review files, develop policy

and deliver training, so I wouldn't say that nothing was done during that period. And, as I indicated in 2005, after considering alternatives from other provinces and considering the development of our own system, we have determined that the Alberta system would best meet our needs.

And then we went through a couple more processes. In 2006 what's called a gap in technical assessment was done to confirm that the system would be a good fit for Manitoba, and we received approval in late 2006 to acquire and make modifications to the Alberta system. And as I—again, I'm sorry if I'm repeating myself from last year—in 2007, shortly after we got the approval to acquire their system and begin to adapt it to Manitoba, Alberta undertook their own major software update of their system and that left us with a bit of a dilemma: Do we go ahead or do we wait for their update to take place? And, after consulting with ICT services, we decided to wait. That cost us some time, but it also saved us a lot of money, and I was told that that was a saving of up to a million dollars.

**Mr. Borotsik:** When did Alberta implement their automated system? When had they had it started?

**Mr. Schnoor:** I'm sorry, I don't know that.

**Mr. Kevin Lamoureux (Inkster):** You know, in going through the documents, a question would be for the deputy minister in regards to—there's this flag that comes up because in the report it does say, do not intend to implement. And I appreciate that you've answered that particular question and the provincial auditor has commented on it. I guess it wouldn't have come up the flagpole if it would have been signalled as, action is no longer required, as opposed to, not planning to implement.

When I read that it's not planned to implement and then I listen to the answer, the first thought that came across my mind is that that sort of an answer could be provided for a wide variety of different departments and programs and so forth because there is so much dependency, interdepartmental dependency, on programming that's out there. Yet is there not something that can be done that would assist by providing some sort of an accounting of what the cost is? Even if there is an asterisk that's put below it—you know, here is what your costs are, asterisk, point made. You know, you mentioned courts; I think you said sheriffs. It just allows policymakers the—a better sense of what the actual costs are, even if it's not the actual dollar value. But I would have thought that there is some merit to the



recommendation. You might not necessarily be able to meet it a hundred percent, but I think providing that type of additional information, there might be some value. And I'm wondering, and the reason I pose the question, would your department have talked with the Auditor's office? Was there any thought of—is there a better way in which we could attempt to accommodate the recommendation so that it's not listed as a, do not intend to implement it; rather, it's listed as a, no longer require, because there has been something resolved on it to the Auditor's satisfaction.

**Mr. Schnoor:** Well, I guess I would say that the language that would appear in the Auditor's report is up to the Auditor. From—and I guess I'd also say that, as to whether there's a benefit to that, is a decision ultimately for the Legislature to make. There's an appropriation structure now that provides information to the members of the Legislature and, of course, Committee of Supply. Whether that's adequate or not is for the Legislature to determine. I would say for—from our perspective, as I indicated previously, given the extensive dependencies that exist and relationships that exist between the Maintenance Enforcement Program and the other entities that I described—and I'll go into that again in a moment—it's just not workable in order to come up with meaningful, full-cost accounting, and I was actually gratified to hear the Auditor General agree with that position.

\* (19:40)

The orders that the Maintenance Enforcement Program enforces are court orders, and, in that sense, some portion of the costs of the court system and all the players therein would, presumably, in a full-cost accounting process, have to be factored in there. I don't know how we would do that.

The Family Law branch—the lawyers of the Family Law branch and the support staff within the Family Law branch provide service to the Maintenance Enforcement Program but specific individuals are not entirely focussed on that activity. So we'd have to figure out some method of quantifying that activity—sheriffs, the rent that we pay, the use of information technology and so on.

So, as I say, our view is that the amount of work that would be required to come up with numbers like that are—is excessive and not in keeping with the benefits.

**Mr. Lamoureux:** The critical thing there is when you mentioned finding a method to quantify it, I don't think that that has to be, you know, a overly cumbersome way. If someone was to say, for example, what is the actual cost of Maintenance Enforcement Program, I think it's a reasonable question, as—in terms of being able to talk about setting policy or just general discussion in terms of programming, that there is value in knowing what a program's cost actually is. There's very few that would have the expertise, such as yourself or others, that are relatively close to it, and, you know, having some form of a, you know, an assessment of what the cost is—I'm just pointing out—I think would be of some value.

And, I too, I listened to the Auditor and what the Auditor had said. I was a bit surprised also with the answer and that's why I thought, well, maybe that particular recommendation should, in fact, be not as do not intend to implement, but rather it should be action no longer required. And I guess I would look at the Auditor and put the question to her. Should it be as action no longer required?

**Ms. Bellringer:** That particular phrase that we chose to use—the do not intend to implement—probably causes us the greatest amount of difficulty when we're following up the recommendations with all of the departments. They don't like it and I don't blame them. But, at the end of the day, I think it best captures the point we're trying to make, which is, the recommendation—nothing has changed—the conditions haven't changed and there's no reason to change the recommendation. We did make the recommendation at the time and it's a valid thing to consider doing. It's still, I think, useful information to know the full cost of any program.

Having said that, knowing all of the details that would go into doing it really does indicate that the department doesn't intend to implement. We actually would like to find a better phrase that captures the thought completely but that doesn't create any kind of strain between ourselves and those that we're auditing when we're getting into this discussion, because it—there's sort of something in between, where it's like, having considered it, you know, that we agree that it's okay not to implement it but we still want to draw it to your attention that that's the case.

So it would also not be—it would be really unusual for the departments to agree with 100 percent of our recommendations with absolutely

no discussion over the implications to implementing our recommendations. And I think it's a healthy thing to have a small percentage of our recommendations, where the departments get into a discussion with us, and there are other reasons why, and a lot of time it's going to be, I would suggest, a resource issue, which is something that Treasury Board has to decide. We can't make—we can't decide priorities for government. That's something government has to do.

So, when we make a recommendation, there are often resource implications to implementing them, and so, in most cases, we would expect to use this category. When government, as a whole, chooses not to implement something because they don't think that it fits into the priorities of government, they say, no, you know, good idea, but no, we're not going to do it. I think that kind of is captured in this particular recommendation. It's a great idea to have full-cost accounting, but it's an expensive process, and, in this case, they've determined that it's not cost effective.

**Mr. Lamoureux:** On a final note, because, as I say, in terms of serving committee members, I do believe that it's important. The reason why the issue came up is because it's listed as do not intend to implement. And, so then we look to the department and say, well, why are you not implementing what it is the Auditor obviously saw fit enough to say that it's important to make mention of the fact that it hasn't been implemented? So I leave it as that, Mr. Chairperson, and we'll see what it says in future reports. Thank you.

**Mr. Chairperson:** That wasn't a question—or you didn't expect a comment from somebody, or did you? Okay, thank you very much.

**Mrs. Myrna Driedger (Charleswood):** I have just one question: I am curious how many enforcement orders are issued every year and whether that number is going up or down in the last number of years. Where is it trending?

**Mr. Schnoor:** By enforcement orders, do you mean the number of court orders that are enrolled in the Maintenance Enforcement Program? The last numbers that I have show that the net caseload of MEP was 15,486 counts, which is roughly the same as 2008. It has been relatively stable.

**Mr. Chairperson:** Thank you. I have a question. The Chair doesn't usually ask questions, but I do have one here today.

Mr. Deputy Minister, my question is going to be to the—actually to the Auditor, because in one of your

responses, Mr. Deputy Minister, you said that you will have all of the implementation of the recommendations completed by 2011. I want to ask the Deputy Minister, when you do a follow-up—I would like to ask the Auditor General: When you do your follow-up reports in a department like the Department of Justice and you are given a timetable that is different than what you expected, do you request an action plan from the deputy minister and the department or do they—or can that be provided to the committee as well?

**Ms. Bellringer:** It hasn't actually been our practice to request—to specifically request an action plan when we're doing the follow-up work. So, if we have it, we would certainly provide it to you, but we don't have it. It may, from time to time, be provided to us while we're doing the follow-up, but it's not a specific request.

**Mr. Chairperson:** Thank you very much, Madam Auditor General. I think I will leave it there, because I think it is up then to the committee as to whether or not the committee would want to request an action plan from a department if they so choose, but that's entirely up to the committee.

Seeing no other questions for this chapter of the report, I would ask whether or not section 28, the Maintenance Enforcement Program—I guess that we should step back.

Has the committee agreed that we have completed consideration of the following sections of the Auditor General's Report—Follow-up of Previously Issued Recommendations—A Review, dated March 2009, section 28, Maintenance Enforcement Program? *[Agreed]*

Section 29, the Fine Option Program section. *Agreed? [Agreed]*

Those sections are passed—completed. Thank you very much, Mr. Minister. Thank you very much, Mr. Deputy Minister.

We now move to consideration of section 22, Family Services: section 18, Child, Family and Community Development Branch—Agency Accountability; section 19, Child Day Care Program—Financial Subsidies; and section 22, Family Services and Housing—Child Protection and Support Services.

\* (19:50)

Will the Deputy Minister of Family Services and the minister please come forward.

Good evening. Before we begin, Mr. Minister, would you like to make some introductions?

**Hon. Gord Mackintosh (Minister of Family Services and Consumer Affairs):** Yes, I'd like to introduce to the committee Grant Doak. He's the new deputy minister of Family Services and Consumer Affairs, formerly the assistant deputy minister in the department.

**Mr. Chairperson:** Thank you very much. Welcome.

Madam Auditor General, do you have an opening statement?

**Ms. Bellringer:** Mr. Chair, I'll just provide a quick summary of these three reports and the number of recommendations that are being dealt with in the follow-up report for the Child, Family and Community Development branch—the Agency Accountability.

The report was issued in the summer of 1999, and at the date of the follow-up report, five of the recommendations remained in progress and one was no longer required. That particular recommendation said something in—if there were no service purchase agreements, then something was recommended, but you'll see in the recommendations that are in progress that service purchase agreements are being put in place across the board. So that no longer became—that was no longer required.

The Child Day Care Program—Financial Subsidies report was issued in the autumn of 1997, and that report—in the follow-up report, all of the recommendations are now implemented or resolved. Four of them had previously been followed up, but that is now completely taken care of.

And the third report on Child Protection and Support Services, that was issued in March of 2004, three of the recommendations are considered implemented or resolved, and nine remain in progress.

**Mr. Chairperson:** Does the deputy minister have an opening statement?

**Mr. Grant Doak (Acting Deputy Minister of Family Services and Consumer Affairs):** I do. Thank you. Firstly, thank you for the opportunity to speak before the committee tonight. It's my first appearance, so I'm quite honoured to be here.

I appreciate being able to share the progress that we have made on the recommendations from the Auditor General's reports. This report includes the

Auditor General's analysis of the implementation of three earlier reports, including the Child Protection Branch agency accountability report, the Child Day Care Program—Financial Subsidies report and the Child Protection and Support Services report.

The timing of these progress reports, as you know, and the review by this committee is a bit complicated. Tonight, we're looking at a report, dated March 2009, which shows progress made by the department up to June 30th, 2008. The next Auditor General's report, which I understand will be tabled in the Legislative Assembly shortly, will show progress to June 2009.

However, since June 2008 and June 2009 we've made significant progress. I am pleased to say that as of today we have fully implemented all but one of the recommendations contained in these reports. We have only one outstanding recommendation, which deals with quality assurance reviews in treatment centres. Action will be completed on this recommendation within the next six to 12 months. We anticipate that this progress will be reflected in the next several Auditor General reports.

I'd like to speak briefly to each of these reports.

The first one, the Child Protection Branch agency accountability: Significant improvements have been made since this report was issued in 1999, notably in the standardization of service purchase agreements and the financial monitoring of funded agencies. The current report by the Auditor General indicates that five of the six recommendations remain works in progress. I am pleased to advise the committee that the department has now fully completed these recommendations.

As the Auditor General noted, all of the recommendations from the child day-care financial program subsidies report have been completed.

The final report, the child protection support services on child-care treatment centres: This report contained 12 recommendations dealing with child-care treatment centres. In this report, the Auditor General indicated that nine of 12 recommendations remain works in progress. The department has continued to implement the remaining recommendations, and we anticipate that this progress will be reflected in the Auditor General's 2010 follow-up report. The department's fully implemented eight of the nine remaining recommendations. Work continues on the final one around quality assurance

program for child-care treatment centres and for all funded agencies.

In 2010, we will complete our quality assurance manual for funded agencies as well as a schedule for regular reviews.

Again, I'd like to thank the committee for inviting me tonight, and I look forward to the questions.

**Mr. Chairperson:** Thank you. The floor is now open for questions.

**Mrs. Stefanson:** Well, I think that was a very thorough report. I want to welcome you to Public Accounts and congratulate you on your role. I really don't have any questions. It seems that you've given a fairly thorough update of what's going on with respect to these recommendations, and you've also indicated time frames for those recommendations. So, thank you for that.

**Mr. Borotsik:** Yeah, you've kind of deflated us. I was ready to go with the—any numbers of works in progress. Only one left and obviously a time line to that. I do congratulate you.

I guess the question—the only question I have is you obviously have been working with, or closely with, the Auditor General. You've been providing her with the—your management changes, your administrative changes to comply with the recommendations. Has the Auditor General been satisfied with the way the department has complied with those recommendations?

**Mr. Doak:** I hesitate to speak for the Auditor General. I think that we do have good working relationship with her and it's developed over the last few years. I think that we're quite responsive to her request for information, and I hope that we're responsive to the request that she makes of the department and the recommendations, but I defer to her to answer your specific question.

**Mr. Chairperson:** Mr. Borotsik, before you go any further, perhaps we should allow the Auditor General to complete the question—or answer.

**Mr. Borotsik:** I was heading there next, and you did indicate that I had the right to speak so I was about to then make the segue—

**Mr. Chairperson:** Excuse me, Mr. Borotsik, I just wanted to know whether the Auditor General would

like to complete an answer that was directed perhaps to her from the deputy minister.

**Mr. Borotsik:** Sure.

**Mr. Chairperson:** Madam Auditor General.

**Ms. Bellringer:** I think I should let Mr. Borotsik ask his next question, I'd be happy to answer it.

**Mr. Borotsik:** Madam Auditor General, I do appreciate, as the deputy minister has a good working relationship with the Auditor General, I also like to take some pride in the fact that I have a wonderful working relationship with the Auditor General, and simply, the question being, not having access to the follow-up report of 2010, it's obvious that there has been some communications between the department and the Auditor General and her department.

Is the Auditor General satisfied—perhaps giving me a little bit of a glimpse of what's going to come in a report soon—is the Auditor General satisfied that the progress of this gone forward and the changes and implementations made by the department are satisfactory?

**Ms. Bellringer:** It's extremely tempting to just say yes. [*interjection*] But oh, no, no—but I think it deserves a little bit more than that.

We had issued a number of reports, and it was, at the time, Family Services and Housing. And we are—I am extremely impressed with the amount of energy and effort that has gone into addressing not just our reports but those that have been issued by the Ombudsman, the Children's Advocate, and they certainly have been faced with a large number of issues that they've had to deal with. Those that we've had to follow up we've seen real action. We've seen real improvement. Some of the recommendations that we made in one report you'll see repeated in others and so in resolving them in a systemic way they have been addressed for the department as a whole and that has a significant impact.

The working relationship has indeed evolved and we certainly are getting full co-operation. I have no hesitation to say that anything we're looking at we sometimes have to have a longer conversation because we are accountants and sometimes have to be educated in areas of—subject matters outside of that.

And I think that we've both learned—we've learned one from the other and have a sensitivity and appreciation for the work that the department does,

and I'm seeing an understanding of the administrative practices that also go hand in hand with that.

\* (20:00)

**Mr. Chairperson:** Thank you. Before we move to passing these sections—thank you very much for your responses, but I notice that you have one of your staff people at the table, somebody I recognize from my previous life, but perhaps, Mr. Deputy Minister, you might introduce the staff to us.

**Mr. Doak:** Yes, I'd like to introduce Carolyn Loeppky. She's the Assistant Deputy Minister for Child and Family Services.

**Mr. Chairperson:** Thank you. Are there any further questions?

Is the committee agreed that we have completed consideration of the following sections of the Auditor General's report:

Follow-up of Previously Issued Recommendations—a review, dated March 2009; section 18, Child, Family and Community Development Branch—Agency Accountability? *[Agreed]*

Section 19, Child Day Care Program—Financial Subsidies? *[Agreed]*

Section 22, Family Services and Housing—Child Protection and Support Services? *[Agreed]*

We will now invite the Deputy Minister of—the Minister and the Deputy Minister of Infrastructure and Transportation to come forward and we will consider section 25, Planning for Highway Construction, Rehabilitation and Maintenance.

I welcome the minister and the deputy minister to the table. And Mr. Minister, would you like to introduce the deputy minister to the committee?

**Hon. Steve Ashton (Minister of Infrastructure and Transportation):** Doug McNeil, the Deputy Minister of Infrastructure and Transportation.

**Mr. Chairperson:** I'm sorry?

**Mr. Ashton:** Doug McNeil.

**Mr. Chairperson:** Mr. McNeil.

**Mr. Ashton:** I'm just reading the instructions here.

**Mr. Chairperson:** Thank you, Mr. Ashton.

**Mr. Ashton:** It needs to be bigger print.

**Mr. Chairperson:** Thank you, Mr. Minister, and welcome, Mr. McNeil.

Has the deputy—or, pardon me, has the Auditor General an opening statement?

**Ms. Bellringer:** Thank you, Mr. Chair. The report in this department was issued in the spring of 1998 and there were only three recommendations, all three of which remained in progress at the date of the follow-up report, but each of which, and in combination, are rather extensive in the way that they relate to the operations of the department, so I would encourage the committee to ask the department a little bit more about them.

**Mr. Chairperson:** Thank you, Madam Auditor General.

Mr. Deputy Minister, do you have an opening statement?

**Mr. Doug McNeil (Deputy Minister of Infrastructure and Transportation):** Yes, I do, and thank you very much for inviting me here today. Just like the deputy minister of Family Services, I'm relatively new as a deputy minister, just joining your organization late last June. So I have a prepared statement for you this evening.

Since the Auditor General's first report with the three recommendations concerning planning, costing and follow-up processes with highway capital projects, the department has implemented numerous initiatives, a few of which include: in the year 2000, the department engaged an external consultant to develop a transparent and defensible framework for the analysis, weighting and consideration of highway needs, asset management analysis, benefit-cost analysis and socio-economic factors in the planning and programming of highway investments.

In 2000, the department initiated 2020, Manitoba's Transport Vision, a process for developing a long-term transportation vision and infrastructure investment plan involving public participation. Social, economic and environmental factors and impacts in transportation planning were integrated. The report was completed in 2005.

Since 2000, the department has implemented many data collection methods, developed construction standards, conducted engineering research studies. In 2003, a capital planning framework incorporating highway needs, safety, social economic criteria and partnership opportunities was completed.

Since 2003, the department has adopted a more thorough bridge inspection technology, increased the

number of annual inspections and is testing a prototype bridge inspection reporting program. In 2004, a highway pavement management system was implemented. In 2006, the department started utilizing a benefit-cost programming tool called MicroBENCOST. In 2006, the department developed a multiyear capital highway construction programming spanning the years 2006-07 to 2009-10.

In 2007, the department started developing a bridge management system. In March—or by March 2007, rather, the department developed a strategic highway system framework, and this is just a sampling of three pages of initiatives that we have started since the report by the Auditor General in the spring of 1998.

Over those seven years, the department performed a lot of the pieces required as input to a comprehensive analysis model, as referred to by the Auditor General's report. In the absence of a model to undertake a comprehensive analysis, the staff team performed this function annually with their knowledge and experience of the highway system.

It starts with the staff in the field, i.e., at the regions, who drive these highways practically every day. In 2007, the development of the comprehensive analysis programming function was ready to be finalized when the highway capital construction program received a significant increase in funding. At this point, further work on the comprehensive analysis programming function was temporarily paused.

All department resources turned to delivering the far larger capital program while contending with internal circumstances, such as retention and recruitment of staff—and mostly technical staff—and with external circumstances, such as labour and contractor shortages, increased emergency projects, federal stimulus program deadlines, all of which are still very much applicable today.

In July last year, shortly after I was appointed to the deputy minister position, it was brought to my attention that the department had this long-outstanding issue of completing the implementation of the Auditor General's recommendations.

I personally formed a small team of myself and three assistant deputy ministers and we developed a plan. We established—oh, and by the way, as part of that plan, I met with the Auditor General on a couple of occasions. We established a strategic corporate

planning project within the department, and this project consists of a review of the best practices used in the ministries of Transportation in other jurisdictions to determine an optimal organizational model and to recommend a corporate strategy unit.

The primary goal of the project was to create a centralized corporate strategic planning unit within the department. Earlier this year, we reassigned staff resources from our engineering division and our transportation policy division to form this unit. Currently, the unit reports to me and the three ADMs.

Over the next few months, this unit will assess the informational requirements, identify the evaluation tools, establish the resources required, define the categories and criteria essential to support a comprehensive planning and prioritization process and, finally, complete a gap analysis with respect to information and processes which will support strategic planning activities as we move forward. Thank you.

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

The floor is now open for questions.

**Mr. Borotsik:** Thank you and welcome, Mr. McNeil, and I do appreciate the fact that you're fairly new to the post. The gentleman you replaced had been there for quite a while—

**Floor Comment:** Sixteen years.

**Mr. Borotsik:** There you go.

When I opened the Auditor General's—or when I opened the report, the Auditor General's report of March 2009, and I went through the Transportation section, I made a note after reading it, and it said: obviously the department does not want to do these, to implement these and it seems that these are not important. If you have three recommendations and three works in progress since 1998, it seemed to be giving away or giving out those signals.

And I do appreciate your comments today as to how far you've come and the time line in which you've come. The question being—needless to say, you developing your own internal team and communicating—that communications with the Auditor General, is it—I assume it's been very satisfactory.

Is she satisfied—and I'll ask her this question after because I get heck for not asking her—in your

opinion, is she satisfactory with the progress that the department has made with respect to these three recommendations?

**Mr. McNeil:** Yes.

**Mr. Borotsik:** I expect that kind of an answer from the Auditor General, so I'll ask the Auditor General the same question: Having the communications and now the structure changing within the department, is the Auditor General satisfied that the tenet of these recommendations is being complied with by the department?

\* (20:10)

**Ms. Bellringer:** I don't have a straightforward—an answer for that question and I am going to contrast it with the last department. The recommendations with the Family Services reports were far more specific, and it was a lot easier for us, without doing a full audit, to be able to determine whether it was sufficient or not, and I actually was very comfortable answering the question the last time you asked it.

In this case, it's not that I doubt that those things are adequate; it's just that it would take a lot more work to really provide you with enough assurance that I can answer that question and say that the work of the department is, you know, well along the way to resolving the issues that we raised at the time of the report.

So I can't answer the question, but it's not because I need to leave you with any kind of inappropriate level of concern. I just am not in a position to answer at this point.

**Mr. Borotsik:** I guess my follow-up question to that is, what would it take to make you comfortable that, in fact, the recommendations are being complied with?

**Ms. Bellringer:** I think we would have to do a couple of hundred hours' worth of audit work to get a better understanding of the substance behind all of the activities that are taking place within the department, and likely would involve contracting for engineering assistance to do that as well. Another way we might get at it is to look at a specific area and a specific program within the department and touch upon some of the elements of it. So we are considering all of those things, but your guidance would also be appreciated.

**Mr. Borotsik:** To the deputy minister, you referred to a 2020 Transport Vision that was developed in 2005. You made mention of that. Obviously, I guess

my question is, in dealing with that 2020 Transport Vision, did it deal with all of the variables that the Auditor General had indicated, which were the cost benefit analysis, the socio-economic? When you deal with 2020, you have to look, obviously, at this particular case 10 years out and have some sort of a crystal ball as to where your resources should go.

I'm not familiar with the 2020, but can you sort of give me an indication that it did have these variables involved in that vision itself?

**Mr. McNeil:** Yes, it did, but at a very high level. It was a strategic directions document in an exercise, got a lot of stakeholder input from across the province, and the themes there are directly related to what we consider as categories and criteria for 'prioritizing' capital planning. For example, public safety is No. 1, equitable access to communities, sustainable funding for the highway program, environmental stewardship, economic development and trade, multimodal system, innovative technology, system efficiency and effectiveness, which would be part of your benefit cost, infrastructure delivery, effective planning and management, and so on.

So, yes, it did. It was a very high-level document, and it helped to shape how the department, at a high level, should move forward with capital planning based on a cross section of stakeholder input from across the province.

**Mr. Borotsik:** And based on that point, that 2005 vision, we're now sitting at 2010. Can you give me a basic update as to how closely you've followed that vision?

**Mr. McNeil:** We are following it quite closely. In fact, a lot of the recommendations in the report, in terms of following those high-level criteria and categories, have been followed.

I just wanted to add at this point that a lot—I believe that the Auditor General report is asking us to formalize a process that we have been following for years and have been developing and expanding on, and, that is, is that at the very local level we have our experienced people inspecting our system of roads and bridges and all bridges on an annual basis visually, thoroughly every four years. The highways get driven every day.

In fact, I might add that, if it wasn't for the diligence of one of our regional people driving over the St. Adolphe bridge who noticed the sudden drop

in that deck and then phoned it in immediately to the bridge office and said, you better come out and look at this, we wouldn't have caught it as quickly. So our people are very dedicated. They're out there every day. They're looking at the system, and they're plugging into the region in terms of what kind of maintenance or preservation or capital upgrading work they think should happen, and based on the condition of the network. And then that information gets funnelled up to the regional offices and also to the main office, and then the engineers and policy analysts in the department and whatnot, they look at then the condition of the highways but then they also consider quite a few other criteria, and I'll list a few of them: public safety, again, is No. 1. So when we had the issues with the collapse at Laval and, of course, in Minneapolis, it first—what am I trying to say?—it basically heightened everybody's awareness in this industry across the world and especially in North America of what are the conditions of our highways and bridges. And the department was quite confident that we already knew what state our bridges were in because we do this annual inspection of bridges and whatnot. So public safety is number—usually No. 1, but we also look at other criteria such as traffic volumes, accident histories, economic development, trade routes.

Of course, you know through the budget that quite a bit of money in the capital budget is going towards CentrePort and that's for trade and transportation. We look at, and get constantly, public municipality input into our capital programming. There's projects related to hydro development. There's the RTAC needs, in other words, the—specially for the trucks for weights and dimensions, we have to consider that in terms of cross-Canada trade as well as trade to United States, and, of course, one of the biggest criteria that's been affecting the choices in our budget is the federal stimulus programs. If we want to take advantage of the federal funding and we want to match it and it meets in—meets up with a lot of the other criteria that we have in the department, then we follow through with that.

So there's—and then there's the list of categories of projects that we look at as well: single access roads to, especially to remote communities, or roads that need to go from gravel to pavement, depending on traffic count, and other criteria such as the ones I've listed here. So I hope I've answered your question.

**Mr. Borotsik:** Yeah, thank you, and I do appreciate the criteria that you put into place. I do know that

you've had substantial increases in your capital budget including the stimulus package.

When—and I guess maybe I might even ask the minister this question because it, perhaps, be a little bit more political: When the federal stimulus package is put forward, do you follow the same criteria of the projects that have been identified by the deputy minister when doing a joint project with the federal government?

**Mr. Ashton:** Well, we certainly would ensure that the project was sound, you know, in terms of construction side of it would be consistent with our transportation network. Obviously, the federal government has its own criteria for infrastructure spending, but to give you an example, it's actually, you know, this year will be the peak in terms of federal funding under the stimulus program where we'd be receiving about a hundred million dollars worth of federal support, and, if you look at some of the projects, they are broadly consistent with our criteria, but they have a more narrow footprint in terms of what the federal government would consider an admissible project.

One of the key things, by the way, of the stimulus project is the shovel in the ground and the completion elements, so we've moved in our projects into place for cost sharing that were already engineered and were ready to go. Deadline is, essentially, March of next year. So, I mean the—sort of the basic answer is they have their criteria, we have our criteria, but, obviously, for a project to be approved, it has to be consistent with both and that's the case with all the projects that have been identified, you know, for the stimulus program. They were consistent with ours and theirs.

**Mr. Borotsik:** Just one other question. There's a speed bump on Highway No. 1. Well, I'll go to the minister then. No, I won't. We've already had this discussion. I know, the Minister of Finance (Ms. Wowchuk) has already indicated that she would check out my complaint and she'd get back to me. Not only the minister responsible but also the deputy minister, so I'll leave it at that. Thank you, Mr. Chair.

**Mr. Ashton:** I know this doesn't appear on the Auditor General's sort of radar screen or the deputy's, but there is one other very important part that goes into our response as a department here and that is feedback from MLAs, and I get it on a regular basis, believe you me.



\* (20:20)

**Mr. Chairperson:** That's the most valuable feedback. Off the record.

Okay. Are there any further questions? Mr. Lamoureux, do you have some questions?

**Mr. Lamoureux:** I have questions.

**Mr. Chairperson:** Do you have one? Good.

**Mr. Lamoureux:** In trying to think in terms of why it is that they would've come up with the recommendation back in the late '90s, I would've thought maybe it had something to do with—not necessarily being convinced that there was some sort of a detailed priority listing of what our infrastructure was like back then, and that's the reason why we would've seen these recommendations. Is that a fair assessment or could you indicate specifically why those recommendations would've come back then?

**Mr. McNeil:** As you know, I wasn't around then, but I'm—so I'm going to just go by what I've heard, and that is that because we don't have a formal process that lists all of our highways and all the data on those highways at that time, we are fast collecting a lot of that data on the highways, and because she, sorry, he at the time did not see a formal process of collecting all that information, putting into a big, black box a comprehensive model to spit out how you might rank all those projects, taking into consideration a lot of non-financial criteria and all the other data that we acquire such as traffic accounts and accidents and everything else, that a lot of it was done over the years by experienced staff. They had the data; we're collecting more and more as we move along. We have a highway management system now. We're working towards a bridge management system. We have better data on soils, on pavements, on—and, of course, we're experimenting over time with different types of pavement, always trying to get the most bang for our buck in terms of how we might repair or upgrade or replace a highway. Because there wasn't a lot of that information front and centre at that time, then, I believe, that's why that the Auditor General of the day made those recommendations.

**Mr. Ashton:** If I can add some further light, I have one advantage of being both the minister and the former minister, so I can certainly speak of some things that have changed since 1999 when I first had responsibility for this department.

In 1999, we had a couple of things that have significantly changed up until now. One is all expenditures on the highways were operating costs. There was no amortization. There was no long-term capital program. It was on a one-year basis, and the deputy, I think, has given, you know, some fairly detailed analysis on the role that Vision 2020 played in shifting that, but there's been a very different time frame and a very different planning horizon than occurred previously.

If you consider the fact that the amortization itself alone is a very significant shift in policy—and when I say policy, that's accounting policy. What it does is it means you're looking at a 30-year time frame, 20, 30, 40. It depends on the asset, and, by definition, it not only shifts your ability to finance, but also your planning horizon. So that's probably one of the—those are two pretty significant things have changed since '99, in addition to some of the operational issues that the deputy referenced.

**Mr. Lamoureux:** I don't know how many kilometres of roadways or the actual number of bridges or anything of that nature, but, having said that, if you were to just provide whether—if you know it factually or your best guesstimate in terms of all that infrastructure that we have, is it virtually all noted in some fashion or another in terms of condition, so if the minister wanted to say, well, you know, there's this gravel road over up north, that the department would have something on that stretch?

**Mr. McNeil:** Would it all be recorded into a centralized system? Not likely. The regions review the highways and bridges in their own areas. They keep track of that through the annual process of putting projects forward and in consideration that sometimes you're going to do maybe just the—you know, they know of highways bad and there's a lot of potholes, we're going to do a simple patch or we might do some microsurfacing or we might do some capital improvements. And the local regional people take a look at the whole network within their region and then try to make a determination as to, with whatever available funding there is, for the different categories of repair or preservation, maintenance, or capital improvements, put the projects forward.

So do they know, yes, in the region, what the condition is at any given time through the—with the highway network? Yes, because they're out there and they're serving those areas. And I stated earlier they practically drive their areas every day and cover the whole network within a year. And then we have the

annual and once every four years inspection programs for the bridges. So we have a good idea.

**Mr. Lamoureux:** And this is something that would be ongoing and it really never comes to an end. Would that—fair assessment?

**Mr. McNeil:** That's correct.

**Mr. Lamoureux:** When we do look at the recommendation itself, in terms of work in progress, that would be indefinite. What we're really saying, from your point of view, is that you believe that you've met the standard that would've likely not—the former auditor wouldn't of had a problem with or likely wouldn't of reported on it. Is that a fair assessment?

**Mr. McNeil:** We're working towards the intent of those recommendations and I mentioned in my earlier comments that we have a plan now in place to implement a program to meet those recommendations. And as indicated, over the years we've been doing it piecemeal, in terms of—there's a—once you establish a comprehensive model you need a lot of inputs. You need to know the condition of the highway. You need to know the traffic counts. You need to know the accident rates. You need to know in terms of transportation policy, working with other provinces, the States, the federal government, which highways are strategic or national. I mean all this has to be input into the model. We've been collecting that over years and we're getting better at collecting that. We've instituted programs to collect that information.

Over the next two to three years, and I hesitate to make a commitment as to exactly when because we're still very busy trying to meet the stimulus programs and those commitments so that we utilize all that funding and don't lose it, we are—while we're doing that we'll be looking at what's the best model to incorporate now. Looking—it's like a car, Chevrolet to Cadillac, in terms of a model, and what's the best fit for our circumstances. And with the fiscal restraint on Part A capital, how much can we afford to spend on some of this sophisticated software to help us with this comprehensive model.

So we've got some things to work out, and that's what I was alluding to when I said that our new capital planning unit, even though they always have done this function, now they're looking towards do we have—can we afford a model to help us do this in a more formal manner?

**Mr. Gregory Dewar (Selkirk):** My question is to the deputy minister. You, in several of your answers

today, you mentioned the criteria that your department and the regions use to determine their maintenance and preservation priorities.

My question is: How is that accomplished while ensuring an equal distribution of investment throughout an individual region?

**Mr. McNeil:** I'm sorry I don't know if I understand the question. We have different budget levels within each region. Well, we have—we tried to first of all—on a regional basis, we have five regions—on a regional basis we try to equalize the amount of funding that we'll provide to each region.

Having said that though, as I mentioned earlier, CentrePort and the \$212 million that has been dedicated to that is taking a big chunk of the capital funding for region 1 alone, and so other regions do end up hurting. We try to balance it.

\* (20:30)

Then within each region we try to balance—no I shouldn't say balance. We try to make the best decision on the best use of the money available. For example, if we can do a preservation project like a microsurfacing, and that gives us 10 years' preservation of that highway and avoids us spending considerably more money on upgrading the highway or replacing the pavement or what have you, then we try to do that. But you also want to look at making sure that you spend your money wisely now so that you don't defer capital improvements later that will become that much more expensive.

So we look at the condition of highways. We look at whether we need to do annual maintenance to them and if that's good enough or if we can go to the next step and do a preservation type of work, like microsurfacing to get us that seven or 10 years, or whether we—the highway's in such bad shape that we have to actually replace it and those other criteria and factors affect it too.

The federal government and the provinces are always looking at the National Highway System. We like to get highways on the National Highway System because then it introduces federal funding and so, that's always expanding. But when you do that, you may have to go—if a highway is chosen, for example, Highway 10 between No. 1 and 16, just recently, I think in the last year, was chosen as a national highway, then it has be upgraded to RTAC, and you have to spend quite a bit of money.

So it all depends on the influences in each region and all these other criteria as to exactly how you're going to spend the money in each region and at what level of service you're going to provide.

**Mr. Chairperson:** Before we leave, Mr. McNeil, one of the issues that this committee has been facing over the course of the last year or so, is the fact that we are evolving as a committee and so therefore, sometimes requests are made of a department that have never been made before, and it's a little cumbersome for a department to respond.

In this case, and in others, perhaps a written—some form of written status on reports would be helpful to the committee when they come together to ask questions and would probably lead to perhaps more thorough and better questions of a department.

Do you have any objections to providing status, written status reports on recommendations that have been made to the department by the deputy—by the Auditor General? Would that be a cumbersome thing for your department to do? It's just a status report on whether or not the recommendations have been followed. Whether they've been implemented. What's, perhaps, some can't be implemented. That would allow the committee to perhaps better deal with—and I'm just wondering, we're not going to hold you to it, I'm just wondering what your response to that might be in terms of being willing to provide that.

**Mr. McNeil:** I'm just wondering if I need to defer to the minister.

**Mr. Chairperson:** Well, okay. Sure.

Mr. Minister, do you want to respond to that, sir?

**Mr. Ashton:** Well, we're dealing with the Auditor General's report and we do provide status updates as to what we're dealing with now and it seems to me that the appropriate reporting mechanism is through the Auditor General and if it's then through—you know, if there's some evolution of process with Public Accounts, I recognize Public Accounts has been evolving. It would seem to be that would be appropriate, but in this particular case, we're dealing with the Auditor General's report. We take it very seriously as a department, and I'm not quite sure what you mean by written updates. You know, there is the Auditor General's process for dealing with it today. You know, what we provide in the way of

information will be printed in *Hansard*. Are you talking about something—

**Mr. Chairperson:** No, I'm just asking about a written status report that you could table with the Public Accounts committee.

**Mr. Ashton:** It seems to me that what we've done today will be—what we've done today is part of the written record, so it provides the same sort of function. I think I can speak for the department. We're more than open to this kind of ongoing discussion, and certainly improvements in process and certainly the Public Accounts committee can play a key role in that. And it seems to me that the appropriate thing would be obviously if this committee feels that the department should make that kind of report to—you know, to add it to the general Public Accounts, I don't think there would be any objection from the department and it might actually be useful.

I think some of the questions here have somewhat different sort of angles than what the—what perhaps the Auditor General's report going back to '98 had in terms of intention. But, yeah, in terms of the accountability, I would suggest that what we're doing right now might be something that could be done on a regular basis, and it would be up to the committee to determine when we should come back, sure.

**Mr. Chairperson:** And the reason I ask this, Mr. Ashton and Mr. McNeil, is that we are, as a committee, looking at amending some of the approach in the rules of how this committee operates so that we can become more effective and assist departments, not to be to, you know, use that as a blame or something of that nature, but, more importantly, if we can assist the process in becoming much more accountable and transparent. That's what our objective is, and so, you know, your comments are only going to be used to guide us as we move forward in amending some of the rules. And, as a senior department of government and, Mr. Minister, you being one of the senior members of the Legislature who has been on both sides, we take your guidance and your comments seriously, and thank you for them.

Mr.—I'm sorry. Mr. Ashton, in response.

**Mr. Ashton:** Well, I just want to indicate that we're just here as witnesses today, so I defer to House leaders. I defer to—having been a House leader, that's always a wise thing and, certainly, my motto when I

was House leader was there is only one House leader. It hasn't changed in that I'm no longer House leader, and it strikes me that this is probably a subject for discussion amongst the committee and amongst House leaders, if I might be so wise to—or so bold to suggest that to the Chair.

Today, I'm here simply as a servant, public servant, a minister with the deputy minister. And, really, our focus here is on the Auditor General's report and questions of the committee's—the committee members.

And I've never been a member of PAC, by the way, so I think my advice would probably be of less assistance than the people around this table.

**Mr. Chairperson:** I thank you for that.

**Mr. Borotsik:** Yeah, just a comment, and I know we're—

**Mr. Chairperson:** Ms. Braun, had your hand up—

**Mr. Borotsik:** I'm sorry.

**Mr. Chairperson:** —before you did, Mr. Borotsik. I'm sorry.

**Ms. Braun:** Thank you. I guess my comment is if we're looking at changing or discussing different policies in terms of reports, I think that's something the committee needs to look at and, you know, rather than having suggestions, you know, put to our witnesses, I think that it would be more appropriate to have that issue discussed among the committee first.

**Mr. Borotsik:** Well, I think the committee has talked about this quite a number of times, and I guess my only comment is—the comment or the response to my question from the Auditor General, when I asked if she was totally convinced if the recommendations had been complied with, her answer was not necessarily a yes, but maybe a qualified yes. But she would have to—and, if I recall correctly, and I will read *Hansard*, the answer was as if for 200 hours we could probably get back into the department and see if, in fact, what has happened over the past numbers of years has been articulated by the deputy minister would suffice. It is well within the purview of this committee to instruct the Auditor General to do exactly that.

Again, we should talk amongst the committee as to whether that's one of the things that we want to do. And I think that's one area that we have to evolve in, or the deputy minister through his department,

looking at the recommendations and what he has put forward before us now, could give us a better understanding as to his department's belief and understanding as how they've complied.

Now that would be, in my opinion, a better way to operate, as opposed to go back to the Auditor General and ask her to go back into the department for 200 hours and look at it. But that's our choices as a committee as to what we should do: either ask the department to come forward and give us some additional information that the Auditor General would be satisfied with or ask the Auditor General, on our behalf as a committee, to go back into the department and see whether those recommendations, in fact, have been complied with. So that's the choices we have. Those are two simple choices. To just simply pass the report and go away and forget about it, I think, is not an option. I don't think status quo's the option with the department, so we have to make that call in the not-too-distant future.

So thank you, Mr. Chairperson, for those editorial opportunities.

**Mr. Chairperson:** Thank you.

\* (20:40)

**Mr. Lamoureux:** I just want to also give a bit of an editorial comment, Mr. Chair. The way I had somewhat interpreted what your question was, was more, not necessarily of the deputy minister of highways, but, rather, generally speaking, there is some advantage if, in fact, the provincial auditor, prior to our informal meeting, has provided some information at most recent update, when, for example, the deputy minister provided an update to the committee, I think there was a lot of valuable information that was there in that discussion and what was said in that presentation the provincial auditor might not have known about.

And I think that where there is significant change since the last discussion in the time in which the provincial auditor comes to the committee, it just makes it a little bit easier, whether it's the formal part or it's the informal part, that the Auditor has a better understanding of what is the most up-to-date response from the department. I think it could assist us in terms of, especially in the informal part of the meeting.

I appreciated the detail that was provided by the deputy minister, and I don't think it was in any way your request to try to say that we want a new system

where deputy ministers come in and they table something or they provide a bunch of information. I think, where possible, it should be encouraged that the deputy ministers and the Auditor's office, prior to us getting together, do have some sort of a communication, especially if it implies that there's an update of sorts. I see a lot of value to that and whether it comes before the committee or it goes to the Auditor, but I think that's an important component to it because we got two presenters, two deputy ministers, that provided a lot of good information and it would have been nice if the Auditor would have been aware of both—and maybe she was. I don't know.

**Mr. Chairperson:** Thank you for that.

And ladies and gentlemen, the reason I brought that up is because earlier this evening we had a deputy minister who said, I had reported it on something in the previous meeting, but, yet, because this committee meets once every two weeks and perhaps we won't have an opportunity to have that same discussion with the same deputy for three or four meetings. Sometimes memory is good, but if we have something before us on paper it sometimes is better. And it provides us with perhaps unnecessary questions that are being asked because we don't have that information.

So I only asked that for those reasons and I appreciate your input into that.

So seeing no other comments or questions, I'm going to now move to—moving this section of the report.

Is the committee agreed that we have completed consideration of the following sections of the Auditor General's Report: Follow-Up of Previously Issued Recommendations—A Review, dated March 2009, section 25 Planning for Highway Construction, Rehabilitation and Maintenance? *[Agreed]*

**Mr. Martindale:** Mr. Chairperson, if we're finished with the witnesses, I have a point of order before we adjourn.

**Mr. Chairperson:** Sure.

I would thank the minister and the deputy minister of highways and infrastructure for your attendance this evening and thank you for providing us with that valuable information.

### Point of Order

**Mr. Martindale:** Yes, Mr. Chairperson, my point of order, I would ask you to take under advisement and consult the Clerk and report back because it's not urgent, and it has to do with the Chair asking questions, and I think that's a little unusual. I don't think I've seen that around here before. And many organizations ask the Chair to step down and have the Vice-Chair take the chair, and the rationale for that would so that if the questioner went on too long, the Chair could call him to order or if the direction was improper, the Chair—the Vice-Chair could call the Chair to order.

Now I see you are consulting the rule book, so maybe this is actually covered, but I would like to know what the rule is for this committee, if that's actually covered already.

**Mr. Chairperson:** Well, I just might read the rules of chairperson, section 108: The Chair shall play a lead role in all aspects of committee work and shall be the spokesperson for the committee. The Chair shall preside over all meetings, may propose procedures that will facilitate the operation of the PAC, shall decide questions of order and procedure, shall maintain decorum, may participate in the questioning of witnesses and in other committee deliberations and shall ensure that political partisanship is minimal.

So, Mr. Martindale, does that answer your question adequately?

**Mr. Martindale:** Mr. Chair, it answers the question, but it still might be advisable to ask the Vice-Chair to chair while the Chair is asking questions, but I'll leave it at that.

**Mr. Chairperson:** And thank you for that input, and it may be, in fact, a very worthwhile and valuable suggestion that we may want to adopt as a practice. I'm not suggesting that we shouldn't, and I'll be asking the steering committee for some guidance in that direction, in that situation as well, but thank you for that.

\* \* \*

**Mr. Chairperson:** Okay, the hour being 8:44, what is the will of the committee?

**Some Honourable Members:** Committee rise.

**Mr. Chairperson:** Committee rise. Thank you very kindly.

**COMMITTEE ROSE AT:** 8:44 p.m.

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