

**Fifth 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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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Ninth Legislature**

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

**Wednesday, February 9, 2011**

**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. Mr. Gerrard, Hon. Ms. Wowchuk*

*Mses. Braun, Brick, Messrs. Derkach, Dewar, Mrs. Driedger, Messrs. Martindale, Pedersen, Mrs. Stefanson, Mr. Whitehead*

**APPEARING:**

*Ms. Carol Bellringer, Auditor General*

**WITNESSES APPEARING:**

*Hon. Mr. Blaikie, Minister of Conservation*

*Hon. Ms. Wowchuk, Minister of Finance*

*Mr. Fred Meier, Deputy Minister of Conservation*

*Mr. Hugh Eliasson, Deputy Minister of Finance*

**MATTERS UNDER CONSIDERATION:**

*Auditor General's Report–Report to the Legislative Assembly: Performance Audits–December 2010–Chapter 1: Managing Climate Change*

\* \* \*

**Mr. Chairperson:** Good evening, ladies and gentlemen. Will the Standing Committee on Public Accounts please come to order.

This meeting has been called to consider the Auditor General's Report–Report to the Legislative Assembly: Performance Audits–December 2010–Chapter 1: Managing Climate Change.

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

**Mr. Doug Martindale (Burrows):** I recommend that we sit till 9 o'clock and re-evaluate unless we're finished sooner.

**Mr. Chairperson:** Agreed? *[Agreed]*

Before we get to opening statements, I would like to ask the committee a question. I am advised that there are two questions in this report that pertain to the Department of Finance–question, I guess, to recommendation 7 and recommendation 12.

And is it the will of the committee to have the Finance Department come forward first so that we can deal with their issues and then allow them to be excused from the meeting and then we can carry on with the department of environment? Agreed? *[Agreed]*

So we will begin with the opening statements and I'm going to ask the Minister of Finance (Ms. Wowchuk) and the Deputy Minister of Finance and your officials to come forward, please.

**Mr. Blaine Pedersen (Carman):** Mr. Chairperson, I'm just wondering, are we going to have an opening statement from the Conservation Department prior–if we have his opening statement and then we got into questions, we could do the Finance first–the questions related to Treasury Board first and then–just a suggestion.

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

What is the will of the committee? Now we can have an opening statement from the Department of Finance, as well, for their section if they have any comments to make. And–but if you want to do it with an opening statement from the Auditor General, then the department of environment, then the Department of Finance, we can do it that way as well.

Is that agreed? *[Agreed]*

So we'll begin–so, yes, thank you so much.

We'll allow for opening statements from both departments, but, first, we'll go to the Auditor General and I'm going to ask her for her opening statement.

**Ms. Carol Bellringer (Auditor General):** So I am going to just embarrass the Chair first.

Although, I trust that we will have several more Public Accounts Committee meetings before October

2011, this is the only scheduled meeting at this time, and our Chair has indicated he won't be running in the next election. So I don't want to miss the opportunity to put a few comments on the public record about how grateful I am and how grateful all of Manitoba should be that Mr. Derkach, as Chair, has led a fundamental transformational shift in the functioning of this committee. I can't even look at you and say this.

So we have indeed seen tangible results in Manitoba and, you may not even know, he was also involved in an advisory capacity through the CCAF which has assisted all Canadian PACs as well as the Public Accounts Committee at the international level.

So thank you, Len. Thank you for your support of my office and public accountability.

**Mr. Chairperson:** Thank you for those very generous words. Thank you.

**Ms. Bellringer:** Okay. Now I can fill my—whoop, I'm not finished. Now I can pull myself together because it's work.

So I'm joined tonight by the director of Value-for-Money Audits, Sandra Cohen; the audit principal, Larry Lewarton; and an auditor in the Value-for-Money group, Ryan Riddell, who worked on the report, that's the managing climate change report.

Oh, usually we're—sorry, am I—sorry, I didn't mean to be screaming there. I'll save that one.

\*(19:10)

Our audit exam in management of Manitoba's climate change initiative, including the systems and practices for planning, project management, selecting and funding individual climate change projects and reporting:

Several different departments are involved in climate change issues and the Department of Conservation is the lead. Manitoba accounts for about 3 per cent of Canada's total greenhouse gas emissions. We saw that Manitoba's responded positively to climate change by consulting stakeholders, creating a climate change action plan and setting a short-term target for reducing emissions that's consistent with Canada's Kyoto commitment of reducing its greenhouse gases to 6 per cent below the 1990 level. It's put in place over 70 different climate change initiatives. Most of the individual project selection and funding decisions we examined were

adequately supported with sound data and analysis. There's a system to track government-wide expected and actual emission reductions for approved projects, and the department's been working to improve its monitoring and status reporting.

While Manitoba's management of climate change is evolving, the 2008 action plan in place at the time of our audit is not expected to achieve the target level of emissions for 2012 of 17.5 megatonnes, which is the 6 per cent below the 1990 level target. In April 2010, the department forecast a gap of 2.7 megatonnes in meeting the target. It's subsequently been re-evaluating the plan, seeking options to narrow the gap and now needs to formally update the 2008 plan. Working with partner departments, the department also needs to further refine planning, project management and reporting processes. In particular, it requires comprehensive analysis of the benefits, risks and costs of alternative approaches and tools, business-as-usual forecasting of greenhouse gas emissions, alignment of climate change action plans with the budget process, clarification of roles and responsibilities of leading partner and departments as well as Cabinet subcommittees, better identification and management of risks related to reducing both emissions and adverse climate change impacts, a method of calculating emissions for public reporting purposes, and a system to track climate change spending and the economic and social outcomes associated with climate change projects.

Thank you.

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

Does the deputy minister of environment have an opening statement? Conservation, I'm sorry.

**Mr. Fred Meier (Deputy Minister of Conservation):** Thank you very much.

**Mr. Chairperson:** Mr. Meier.

**Mr. Meier:** Thank you.

I'll be joined shortly by some of my staff. I know this format's a bit different, but I'd like to acknowledge them at this point in time. Joining me here today is our director of Climate Change, Neil Cunningham, and our assistant deputy minister responsible for the area of climate change as well, Dan McInnis, and they'll be up here as soon as we're finished with some of the finance stuff as well, so.

**Mr. Chairperson:** Sure, very good.

**Mr. Meier:** Manitoba Conservation appreciates the efforts of the office of the Auditor General in reviewing and providing recommendations with respect to Manitoba's provincial climate change initiative. The department has accepted all of the recommendations outlined in the report. These recommendations have provided valuable assistance to government toward achieving its greenhouse gas emission reduction targets, managing risk and implementing climate change programs. The science tells us that we need to limit the growth of carbon pollution in the atmosphere to 450 parts per million in order to limit global temperature growth to two degrees or less. With 3.6 per cent of Canada's population, Manitoba contributes about 3 per cent to Canada's total emissions. Despite our small contribution, the government's goal has been to lead by example.

Solving climate change is not as simple as flicking a switch; it requires change on multiple levels. As pointed out in the auditor's report, Manitoba has responded positively to climate change by consulting stakeholders, creating a climate change action plan and setting short-term targets for reducing emissions that is consistent with Canada's original Kyoto commitment. My opening remarks will provide context on many of the programs and policies discussed in the Auditor General's report.

Between 1990 and 2000, provincial emissions increased by 2.6 million tonnes, or about 14 per cent. Since 2000, Manitoba has curbed the growth in emissions and have seen less than 3 per cent increase in emissions from 2000 to 2008, an increase of only .6 million tonnes.

The first climate change plan was released in 2002, which was followed in 2008 by *Beyond Kyoto*, an updated action plan on climate change, and The Climate Change and Emissions Reductions Act. The plan and legislation were endorsed by the David Suzuki Foundation and the International Institute for Sustainable Development as among the most ambitious in Canada. *Beyond Kyoto* contains almost 70 items aimed at reducing emissions across all sectors, from homes and businesses, to vehicles, transportation networks, farms and industries. Most of this plan has been fully implemented with only a few outstanding items left.

Based on the most recent projection of 2009 emissions, Manitoba is on track to achieve the initial target of keeping 2010 emissions at or below the level they were in 2000. Investments in biofuel, land

gas capture, energy efficiency and geothermal energy, sustainable agricultural practices and the phase-down of Manitoba Hydro's single remaining coal plant are a few examples of how Manitoba is working to reduce emissions from all sectors of the economy.

Manitoba and Québec are the last two Canadian jurisdictions that remain committed to achieving the 2012 emissions target established in the Kyoto Protocol, that being 6 per cent below 1990 levels by 2012. As a result of Manitoba's clean hydro resources, only 21.8 per cent, or 4.7 million tonnes of emissions, come from stationary combustion. In fact, Manitoba has the lowest percentage of emissions from the energy sector among all Canadian jurisdictions.

Manitoba's highest emitting sectors are agriculture at 34.7 per cent and transportation at 33.4 per cent. Manitoba is a net exporter of clean hydroelectricity, and Manitoba Hydro's exports displace coal and natural gas that would otherwise be used by other jurisdictions. In 2008, Manitoba Hydro displaced over 7.5 megatonnes of emissions in other jurisdictions. Wind and hydro exports offset emissions in other jurisdictions that are the—that are more than equivalent to Manitoba's entire transportation sector. In fact, these emissions represent twice Manitoba—Manitoba's reductions as outlined in The Climate Change and Emissions Reduction Act. Although not fully counted towards Manitoba's target, the wetlands, peat lands and agricultural lands in Manitoba remove significant amounts of carbon dioxide from the atmosphere. In 2008, Manitoba's forest sequestered 8.4 million tonnes of carbon and more than a third of Manitoba's emissions that year. The department remains committed to protecting, enhancing and preserving these crucial biological sinks.

Treasury Board Secretariat has implemented a process to evaluate some climate change projects known as Budgeting for Outcomes. This process has required departments to calculate and indicate greenhouse gas reductions from proposed and approved projects. As a result, and as reflected by the Auditor General's report, climate change project selection and funding decisions were adequately supported with sound data and analysis, and Manitoba now has a system in place to track emission reductions.

We acknowledge that there is more work to be done to meet the 2012 target. The department will

continue to develop, refine and analyze new initiatives and as the implementation of the 2000 action plan is completed. Manitoba has a very strong record on climate change, green energy and energy efficiency and will be continuing our efforts towards achieving both short- and long-term reductions. The department will report on Manitoba's 2012 reductions at the end of 2013 and will work, in the meantime, towards achieving further reductions.

Since completion of the auditor's report, the department has launched the first phase of a new web tool that tracks Manitoba's greenhouse gas emissions and shows the impacts of Manitoba's climate change programs as compared to the business-as-usual scenario. This tracking tool will be expanded to include long-range emission projections that can be used to guide policy directions moving forward. Our department is also working to prepare for the future impacts of climate change. We have partnered with our colleagues in Saskatchewan and Alberta through the Prairie Regional Adaptation Collaborative to work toward a co-ordinated response to predicted future impacts.

Manitoba has increased flood protection, improved the winter road network, enhanced emergency response preparedness, increased investments in forest fires and has improved monitoring of polar bear and caribou populations, as a few examples. Furthermore, in response to the auditor's recommendations, the department will be working to assess and document the likely impacts of climate change on government services, programs and resources.

Managing climate change is a complex new territory. I'd like to thank the auditor for her recommendations, and we have accepted these in full as they will further improve the department's climate change work. Thank you very much.

**Mr. Chairperson:** Thank you very much, Mr. Meier.

Mr. Eliasson, do you have an opening statement?

**Mr. Hugh Eliasson (Deputy Minister of Finance):** I have a brief opening statement, and, just to—

**Mr. Chairperson:** Please proceed.

**Mr. Eliasson:** —just to reiterate, Manitoba Finance also appreciates the efforts of the office of the Auditor General in reviewing and providing recommendations with respect to Manitoba's ongoing efforts on climate change.

\* (19:20)

Manitoba Finance, through the Treasury Board Secretariat, continues to support Manitoba Conservation in its lead role as lead department on climate change. As part of the implementation of a pilot project undertaken by the Treasury Board Secretariat, called Budgeting for Outcomes climate change was selected as the key area of focus. Federal ecoTrust funding was provided to support climate change through the Budgeting for Outcomes process. Since its start the BFO process has continually been reviewed to improve its evaluation and reporting processes.

Some improvements include revised ranking criteria to provide a more structured and consistent evaluation, stronger focus on achieving the greatest greenhouse gas emission reductions, and to more accurately assess risk, and in the creation, this year, of a senior advisory team to review and ensure that 2011-12 BFO funding recommendations are aligned with government's current climate change objects and other government priorities.

On a go-forward basis, Treasury Board Secretariat will be directing departments to provide more detailed information on ecoTrust expenditures in departments' 2011-12 quarterly expenditure cash flows and forecasts.

I'd like to join with the Department of Conservation in thanking the auditor for her work and thanking this committee for the opportunity to make a brief opening statement.

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

The floor is now open for questions, and I think it has been agreed that we will ask our questions first to the Department of Finance and, following that, we will go to the Department of Conservation.

So, Madam Minister, thank you for being at the table with your deputy. The floor is now open for questions.

**Mrs. Heather Stefanson (Tuxedo):** Thank you very much, and, yes, I will direct my initial questions to the Department of Finance.

With respect to recommendation—I believe it's No. 3, calculating estimated cost of updated action plans and integration with the budget process, I wonder if the deputy minister could explain to what extend climate change planning is integrated into the budget process.

**Mr. Chairperson:** I think we—if I may just interject—the question, of course, is open for the deputy to answer, but I think we were indicating that there were two areas, recommendations 7 and 12, that were—those that were particular to the Department of Finance, but, indeed, if the Department of Finance would like to comment on this recommendation they are welcome to do that. And then, I guess, we'll wait till we're—till we have the deputy of Conservation before us to ask the question to him as well.

So, Mr. Eliasson, proceed.

**Mr. Eliasson:** The Department of Conservation is the lead department on climate change within the provincial government and they have a close working relationship with all departments that have a part to play in the issue, and so that the programming and projects within departments are co-ordinated through Conservation. Through the Treasury Board Secretariat, specifically, operates the Budgeting for Outcomes pilot project, which is a very innovative project that allows departments to compete for funding for projects that pursue the greenhouse gas emissions reduction outcome. And that's the primary funding source for specific projects related to greenhouse gas emission reduction.

**Mrs. Stefanson:** And I appreciate that. Thank you very much and probably that could've been directed towards the Conservation Department, but I appreciate your comments with respect to Treasury Board's role there.

And perhaps what I'll do is go to the Budgeting for Outcomes area as that probably more accurately pertains to your area. So my first question would be: What changes has the Treasury Board Secretariat made, and what plans does it plan to make in improving the data and analysis for selecting and funding projects?

**Mr. Eliasson:** The Budgeting for Outcomes pilot project is a very innovative approach in government and it really is—it is a pilot project, and sort of its future will be evaluated at the conclusion of its current pilot project involving climate change.

So it's been evolving from the very beginning and since its start the BFO process has continually been reviewed to improve its evaluation and reporting processes. In June of this past year the Treasury Board Secretariat developed an enhanced expenditure reporting template for departments to provide more detailed expenditures information. This allows for more accurate recording and analysis of

ecoTrust spending, and these changes were made in part through the Treasury Board Secretariat's own experience with the pilot project and in part through the very useful recommendations from the Auditor General.

The Budgeting for Outcomes technical team has improved analysis and evaluation of emission reduction data as a result of more formal validation criteria that is applied in a more consistent and structured manner. And the technical team was really strengthened this year with a newly—with the participation of a newly acquired greenhouse gas emission engineer from the Department of Conservation. So there was an addition of some technical expertise to the technical team that allows them to play a stronger analytical role.

The Budgeting for Outcomes evaluation team revised its ranking criteria to provide more structured and consistent evaluation and stronger focus on achieving the greatest greenhouse gas emissions reduction, and to more accurately assess risk. In earlier iterations, departments would provide a description of the project and it would be up to the evaluation team, based upon the information provided, to try and assess risk. And they did that to the best of their ability. But now departments, as part of their submission, are required to explicitly address the risk elements associated with their proposal which allows the evaluation team to provide a much more thorough analysis of the risk factors. And the weighting to the greenhouse gas emission targets have increased as the primary outcome being pursued through the project proposals.

And then, finally, Budgeting for Outcome senior advisory team has been created this year to review funding recommendations to make sure that they fall in line with the overall government's current climate change objectives and government priorities. So it's just an additional layer of senior level oversight to ensure that the projects that are approved are aligned with the government's objectives.

**Mrs. Stefanson:** Thank you very much for that, and you mentioned partner departments. Could you indicate which government departments are involved in this aside from just the Conservation Department?

**Mr. Eliasson:** I don't know if I have it right at hand, but Budgeting for Outcome projects proposals are open to all government departments, and so some are obviously positioned to provide better—are in a better position to provide successful proposals than others. But it includes a wide range of government

departments, from Conservation, itself, to the Department of Agriculture, to industry–Innovation, Energy and Mines. So there's some 17 projects that have been funded through the Budgeting for Outcomes process and they would come from a fair range of government departments.

**Mr. Chairperson:** I'm going to take some–everybody's here—to allow for both departments, perhaps, to answer the question, because it's very difficult for us to contain, I believe, the questions specific to the Department of Finance. So if there are comments that the deputy for the Department of Conservation would like to make with respect to a question that's been posed, then, I'm certainly going to allow that.

**Mr. Meier:** Mr. Chair, just to add a little bit more to what the deputy minister had indicated. There is an open call to all departments, and projects are judged based on their emissions reductions. So really it's all departments that support and, sort of, put projects forward for analysis and potential funding as well.

So the best way to really answer that is that it's open to all departments and they all participate. By all means, we do focus on those large sectors. I indicated in my opening comments, Transportation was a big piece of where we have, as well as Agriculture. So those are large players in our emissions reductions.

**Mrs. Stefanson:** With respect to the climate change initiatives, how are the desired outcomes measured?

**Mr. Eliasson:** It would depend on the proposal. So the primary outcomes that the project is evaluated on is the impact they would have on the Province's overall greenhouse gas emission reduction target, the contribution that that project would make towards it, and the costs associated with that project. But there's also secondary objectives of creating economic activity, job creation, contribution to low-income housing, et cetera. So those are secondary objectives. And then the project proposals are monitored in terms of their implementation in a variety of ways so that the implementation of the project is tracked on an expenditure basis as well.

\* (19:30)

**Mr. Chairperson:** Ms. Brick—oh, sorry. Mrs. Stefanson, go ahead.

**Mrs. Stefanson:** Are the projects then re-evaluated at some point to see if they are meeting those targets, and what mechanism is in place to maybe pull out of

those projects if they're not achieving the desired outcome?

**Mr. Eliasson:** It's interesting. The federal ecoTrust monies were in place before the Budgeting for Outcomes process—pilot project was put in place. And so there were a series of projects that were initiated primarily in STEM at the time, and when the Budgeting for Outcome process was put in place, even projects that were previously under way had to enter the competitive process.

And so each year the projects are evaluated in terms of how well they're doing against their objectives and they have to compete for funding on an annual basis.

**Ms. Marilyn Brick (St. Norbert):** I do have a couple of questions. The first one is: The effects of climate change are arguably already being felt across the world, and, in Manitoba, I guess what I heard you say was that we are producing 3 per cent of Canada's emissions. Is that correct?

**Floor Comment:** Yes.

**Ms. Brick:** Okay. Having said that and that we in Manitoba and Québec—is that correct?—are the only two provinces that are still adhering to the Kyoto targets? Is that correct?

**Floor Comment:** That is correct.

**Mr. Chairperson:** Mr. Meier.

**Mr. Meier:** Thank you, Chair. To our knowledge, ourselves and Québec are the only ones that are at 6 per cent below 1990 by 2012. There's a variation of different targets. They still say—some still say 6 per cent but they have longer dates or different start dates to that, but that specific Kyoto target, Manitoba and Québec are the ones that are left.

**Ms. Brick:** Okay, so to my way of looking at it, we in Manitoba and Québec are holding ourselves to a very high standard. Is that correct?

**Mr. Chairperson:** Mr. Meier or Mr. Eliasson.

**Mr. Meier:** I'll take this one. How about that? Manitoba and Québec are the only ones that are tied to the original Kyoto targets that Canada had indicated it was participating in.

**Ms. Brick:** I'm going to try as much as possible to not politicize this debate, but I am going to say, at the outset, many Manitobans and, publicly, many Canadians, were somewhat dismayed when the Copenhagen Accord failed.

Having said that, I want to congratulate the Auditor General on doing this report. I think it's important. I think it's very important as well that we pay attention to the environment.

I do have a specific question and that is more of a philosophical question. How do you change people's behaviour? How do you get people to take a personal responsibility for climate change, and what is the Department of Conservation doing to make that take place?

**Mr. Chairperson:** I'm sorry to interject but your question is, I think, leading, and it's requiring an opinion. The action part of your question, I believe, is appropriate, and I'm going to ask the deputies, either deputy, to use their judgment in terms of their responses to this.

Go ahead, Mr. Meier.

**Mr. Meier:** I guess the best way to respond to, you know, how we make climate change programs happen inside of Manitoba is if you look at the *Beyond Kyoto* plan, it really outlines the steps that all Manitobans can take both from a business perspective as well as from a personal perspective to make the changes towards it.

And there's a lot of different communication and public education that the department and the government overall and, you know, other governments have put out there for making those changes towards reducing emissions overall, and businesses have been the leader in some of this, as well, through Manitoba Hydro, for example, and their ecoENERGY program, or the federal government's ecoENERGY program, and the other energy efficiency programs that are out there.

So the best way to respond to that, I would say, are the programs that are already in place plus some of the public education that's going out there and it is a change in behaviour, and I think some of that's happening already.

**Ms. Brick:** I agree with you. I absolutely do. But what I've noticed is that—and this is partially reflected in here. When you're at 3 per cent, it's very, very challenging and I congratulate the department on what they've done. I congratulate you on looking at the ecoTrust and making sure that it's friendly in terms of its use.

I also congratulate the departments in making sure that numerous departments work together. In my opinion that's why this government has been

effective because we have, actually, had many departments work together. Getting Agriculture on board as well is very important.

Having said that, I really believe that it's the children who are going to teach us the future. Right now, many MLAs are out reading to kids in I Love to Read, and, in doing that, it's the children who actually understand this and are turning around and teaching their parents.

So I just wanted to say thank you.

**Mr. Chairperson:** Thank you, Ms. Brick. Further questions of the—specifically, the Department of Finance because we don't want to hold them here all evening and we want to move on to the Department of Conservation.

**Mrs. Myrna Driedger (Charleswood):** And it is for the Deputy Minister of Finance. Can you tell me what Budgeting for Outcomes is? You know, where does it originate? Is it new to the province and is it just focused specifically around climate change? Is that what it was designed for? Or is it, you know, an offshoot of something else that's been massaged to fit into climate change? Where does it come from?

**Mr. Eliasson:** It comes from the United States. It's been employed in several US states and cities, I believe. And the university in Minnesota houses some people who are, sort of, on the leading edge of the concept of Budgeting for Outcomes.

This is the first application of the concept in Manitoba, and it is a pilot project, and so it is evolving and will undergo a formal evaluation at its conclusion after '11-12 fiscal year, I think, and a determination will be made whether it is applied more broadly in the province or not or what kinds of changes would be made.

But, basically, it's a—in concept, it's a very simple concept in that it introduces competition into government departments and the bureaucracy, and it recognizes that good ideas can reside in several places, and it's a way of allocating resources based upon competitive proposals from a—that are open to a variety of departments to achieve a specific government objective, and it could be any government objective. In this case, it's applied to greenhouse gas emissions as part of the climate change initiative.

And so departments can come up with innovative ways to address that objective, and then those proposals are evaluated against a set of criteria,

and monies are allocated. It's a finite pool of resources, and so monies are allocated against projects that are successful and show the most promise.

**Mrs. Driedger:** Was using Budgeting for Outcomes part of how we access the federal money or is this something that Manitoba came up with on its own?

\* (19:40)

**Mr. Eliasson:** It wasn't part of accessing the federal money, but it's a process that Manitoba put in place for allocating a large part of the federal's ecoTrust monies. The total trust monies, I think, were \$53.8 million, and about \$40 million of that is allocated through the Budgeting for Outcomes process, and, as I'd indicated earlier, the ecoTrust monies came before this process started, so there were projects that were funded from the ecoTrust monies that didn't initially go through this process. But, once this process was put in place, even existing initiatives had to compete if they were to continue.

**Mr. Pedersen:** To the deputy finance minister. The approved ecoTrust project, which you were just talking about, this \$53.8 million of federal money of which \$40 million has been allocated already, when this money is paid out, is—does the federal government sign off on each project or what is the approval process for actually—once this money has been allocated to the specific projects here in appendix A, then what is the process for disbursing the money?

**Mr. Eliasson:** There's broad criteria that are associated with the ecoTrust monies. But then the Province administers them within those criteria, and so each individual project is approved through the Budgeting for Outcomes process but doesn't require specific federal approval. But it obviously has to be in line with the overall federal objective with the—that the ecoTrust monies were advanced under.

**Mr. Pedersen:** And is there then some sort of review system by the federal government? You—under this project, you decide where the money is to be spent under the criteria established, and then is there a review process or an audit process by the federal government where that money was actually spent?

**Mr. Eliasson:** There's a reporting process back—the funds—the actual expenditure of the funds are audited as part of the provincial audit.

**Mr. Pedersen:** Mr. Chairperson, if it's all right, I'll pass to Mrs. Stefanson.

**Mrs. Stefanson:** Just a couple of more questions in the finance area. And I think you've probably already alluded to this in your comments earlier, but I might just ask some more specific questions. In the auditor's report it stated that the departments were inconsistent in the degree of detail that they supplied in certain areas, and I'm wondering, is the—consistency in degree of detail more rigorously applied in all project decision areas now?

**Mr. Eliasson:** Yeah, the short answer is yes. The whole Budgeting for Outcomes experience is a pilot project and a learning process for everyone. The templates that departments are required to fill out have been changed fairly significantly based upon experience, and so the wording of questions that departments have to respond to has been tightened up. The entire template requires more concise and clear explanation, and so that process has evolved quite substantially over the past couple of years with experience.

**Mrs. Stefanson:** The Budgeting for Outcomes process came from the United States, I believe, earlier, and I'm wondering if—do they go through—do they have similar templates to keep, you know, consistency with the data that's coming back. Is this something that has—that is used in other jurisdictions?

**Mr. Eliasson:** You know, I can't actually answer whether the template is the same for—in other jurisdictions or not. The template is basically the submission form that departments have to fill out, and so it relates, in this case, very much to the greenhouse gas emission targets and responses from departments in how they'll address that.

**Mr. Meier:** Yeah, and just perhaps I can add a little bit more. The consistency—this is a very unique project when you're looking at greenhouse gases because you can have a project which is a very easy one to understand, which is, you know, shutting down a, say, a power plant that has coal emissions. But at the same time you're judging that against, perhaps, another project which is sequestering carbons, such as a tree-growing project—there's a commitment to plant a number of trees as a sequester. So the science isn't always the same.

So the difficulty is in trying to measure and have a standard of consistency when you look at those and make those judgments. So to address that through the process, the technical engineer has been added to the selection process and to the team that's looking at this to try to allow that consistency and to try to look

at those two different, very different types of projects, but both which achieve GHG reductions in different ways and trying to find some equivalency around some of that. So those—that's some of the consistency stuff that's been worked on as well.

**Mrs. Stefanson:** Sure, and fair enough. I see that it's an evolving process, and so these are things, and various things will have to be changed along the way to make it more efficient and effective.

A couple more questions that I have. It says in the auditor's report that, although departments were asked what risks could potentially impact implementation of their initiatives, they were not asked to assess the likelihood and impact of these risks or to suggest potential mitigation strategies. Could the Deputy Minister of Finance indicate what's being done to address that issue?

**Mr. Eliasson:** Yeah, in prior years, the likelihood and impact of risk were assessed as best as possible by the evaluation team and based on the information that had been provided by departments—and I alluded to this a little bit earlier—but departments weren't clearly asked to identify the specific risks, and so all of the information wasn't always as available as it could have been. And so this has been addressed. The risk assessment component has been enhanced so that departments are clearly instructed to provide information on the likelihood and impact of risks through the proposal templates for funding. That's one of the areas where the structure of the proposal that comes forward from the departments has been made fuller, and this provides the evaluation team with better and more consistent information to assess the risk.

**Mrs. Stefanson:** No, I—thank you very much, and I appreciate your comments, and I know you did get into that a little bit earlier. I think I missed part of your answer. So I appreciate you reiterating that part of it.

And I don't have any further questions. I thank you for your time.

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

**Ms. Brick:** I just wondered if we could look at recommendation No. 8, which is: We recommend that the Department of Conservation, together with partner departments, implement a formal—

**Mr. Chairperson:** Excuse me, Ms. Brick. Once we finished with the Department of Finance, then we'll move into the other recommendations. So can I just

hold your question until we have finished with the Department of Finance. Thank you so much.

**Mr. Pedersen:** Yes, just one further question to the Finance Department, and I'm reading off of page 12 of the report: in one case, \$3 million was paid—from the federal ecoTrust funding—was paid retroactively to a financially distressed company for its 2001 investment in equipment to reduce its coal use. This \$3 million then was paid—was this project, then, within the scope of—parameters of the ecoTrust fund even though it was paid for a project that was done before the agreement was made to the—with the federal government?

**Mr. Eliasson:** Yes. The—as I indicated earlier, the agreement with the federal government on the ecoTrust fund is a pretty broad agreement and there's a significant degree of latitude that's given to the Province in implementing that agreement.

**Mr. Meier:** Perhaps I can just add one other thing. Inside of the ecoTrust, one of the definitions or one of the qualifiers for using the dollars was those early action initiatives as well, and this one was qualified as an early action so it fell under that qualification.

**Mr. Pedersen:** Thank you. That's all the questions I have for you.

**Mr. Chairperson:** Dr. Gerrard, just for your information, and I noticed you joined us a little later—that's fine—I just wanted to indicate to you that the two issues that we're dealing with are recommendation No. 7 and No. 12, because those pertain directly to the Department of Finance, and once we've dealt with those two and the Department of Finance then we'll revert back to the Department of Conservation.

\* (19:50)

**Hon. Jon Gerrard (River Heights):** I have a question which is specific to the Department of Finance, and it relates to this area of managing greenhouse gases. There is a carbon tax that was applied specifically to coal, and I'm just wondering what the estimate of reduction of greenhouse gases would be coming from that and where it fits in the measures.

I mean, that's different from some of the other finance measures but it is nevertheless, as I understood it, a measure that was applied specifically to hope to reduce greenhouse gases. Is that correct?

**Mr. Chairperson:** Mr. Eliasson.

**Floor Comment:** Perhaps I—

**Mr. Chairperson:** Okay, Mr. Meier, go ahead.

**Mr. Meier:** We don't have the specific numbers on that because it's a tax to be put in place in the future. It's something that's intended to. So, I mean, we could—we'd only be predicting what it would be at this point in time. So, you know, I'm not sure if that's—you're asking, you know, what were the actual changes as a result of that? So it's to be implemented and then we can measure that at that point in time.

**Mr. Chairperson:** Dr. Gerrard, could I just ask you to move your microphone closer, please.

**An Honourable Member:** Oh, I'm sorry.

**Mr. Chairperson:** Thank you.

**Mr. Gerrard:** It's—I mean, one of the things that we're dealing with is how you project in the future the impact of measures, whether they're expenditures or tax measures on reduction of greenhouse gases. And maybe you could, just as you plan for, say, 2020 and where we will stand at that point, how you will integrate the planning and the measurement in terms of the impact of the coal carbon tax on greenhouse gas reduction.

**Mr. Eliasson:** I defer to Mr. Meier.

**Mr. Meier:** I think there was a bit of a question and a little bit of a, you know, a statement around future forecasts and that. And I think one of the recommendations that came out of the auditor was to look at long-term plans and this will be part of that as well.

We know—I mean, some of the things we know we're working off of is we know what our coal consumption is. We have those numbers out there. We have an estimate of what an impact of implementing a tax measure on coal will have as well. So that's how we predict into the future.

So that's all part of the planning process moving forward, and we do look at those things as we develop our long-term targets as well.

**Mr. Chairperson:** Okay, just—*[interjection]* Good. Thank you very much. Are there any more questions for Deputy Minister Eliasson? If not I'll—thank you, Mr. Eliasson, for your attendance here this evening.

We're now going to focus on the Department of Conservation, and, Ms. Brick, I'm going to come back to you because you were the one—oh, before we

go—or begin—Mr. Meier, please bring your stuff forward, of course.

**Ms. Brick:** I wanted to ask you a question about recommendation No. 8, which is: We recommend that the Department of Conservation, together with partner departments, implement a formal risk management process for the climate change project. This process should identify risks, assess each risk's likelihood and impact, including the greenhouse gas reduction impact, and develop risk mitigation strategies.

Having said that, the response is that the department agrees with this and that some steps have been taken since this recommendation was put forward. Could you expand on that, please?

**Mr. Meier:** We have, as you heard earlier from the Deputy Minister of Finance, have a risk assessment process associated with the Budgeting for Outcomes process. We have also accepted this recommendation that the auditor has made and made some early action on this.

I will say that it's not complete yet, as this audit is quite new as well, but we have developed, in our quarterly reporting or meeting with the other departments on their projects, a risk assessment framework that we are beginning to implement to get a better sense of some of the elements that were indicated by the auditor in her recommendations.

**Mr. Chairperson:** Thank you.

Mr. Pedersen, you're next.

**Mr. Pedersen:** The auditor wrote in her report that the audit—at the time of our audit is not expected to achieve the target level of emissions for 2012, 6 per cent reduction, and that was obviously in April 2010, that you were not even meeting targets there.

So what changes are you making to achieve that goal by 2012?

**Mr. Meier:** According to the legislation, there is a target that is earlier than that that we have to report on, and that's the target for 2010. We need to have emissions in 2010 below those from 2000.

What we have done is we've updated some of our data analysis so that we can predict some of the information a little bit earlier, and at this point in time, we—we're confident we're going to hit our first target, which is having our 2010 emissions below our 2000 emissions. So that's the first target; that's a

legislated target, and we're confident in meeting that one.

As it pertains to the recommendation that asks for a plan to be updated, we've accepted that recommendation. We are working through the Budgeting for Outcomes process to look at new projects that we can put in place to help meet these targets. That process is subject to the budgeting process, obviously, and, you know, the recommendations from the auditor came out in December. We had been working even earlier than that on updating some of the projects and programs with the partner departments to move these forward.

At this point in time, we do not have a revised plan, as much of it is subject to a budgeting process that's in the works right now.

**Mr. Pedersen:** So you're not prepared to release a revised plan right now.

Can you give me at least a couple of examples of how you—you're quite confident you're going to meet those goals; can you give me a couple of examples of how you're going to meet these goals?

**Mr. Meier:** I can't provide specific ones because decisions around financing those projects have not been made through the budgeting process. So I'm unable to give those tangible ones.

But what I would say is that focusing on the sectors that we know are the large sectors for emissions inside of the province—transportation inside of our ag sector, as well as looking at some of the other sequestration and mitigation measures that we have in place around things that, you know, programs we have right now such as tree planting and others like that—those are the types of programs we're looking at.

The other important part here, as well, when you look at the gap that was identified. Remember this is in the context of a federal government that had a commitment and much of the programs at that point in time were federally led. So the current federal government has stepped away from some of those aggressive targets on climate change, and as a result, the provinces had to change their programs to try to adapt to meet the targets that are in legislation.

**Mr. Pedersen:** That was a wonderful lead into my next question because I was going to talk about transportation and agriculture. Transportation at 33 per cent of the greenhouse gas emissions within—of our total greenhouse gas. How—what would be

some—obviously the transportation industry is a large—obviously it's a large emitter of greenhouse gases, and how do you propose to lower the emissions from that sector?

**Mr. Meier:** Probably the best way to address that question is to look at some of the things we have done in the transportation sector, and the largest one is the biofuels initiative—so biodiesel, ethanol mandates that have moved into the province and that were implemented.

There are other programs in the transportation sector that have been put in place as well—one called the GrEEEn Trucking program. So looking at aerodynamic and anti-idling and tire technologies, the hybrid vehicle rebate program that was in place at that point in time. There's a plug-in hybrid electric vehicles project that is part of the initiative as well, and the vehicle scrappage program that takes vehicles from pre-1995 off. They were identified as high-emission vehicles. Those are some of the initiatives that are in place, and as I said before, you know, as the BFO program—yes.

**Mr. Pedersen:** In the trucking industry, they're using skirting now on transport trailers for—to increase the aerodynamics on it.

Is there any rebate or financial assistance to those companies that are doing that?

\* (20:00)

**Mr. Meier:** Under the program that I mentioned earlier—it's called the GrEEEn Trucking program, three capital E's in GrEEEn—there is work on aerodynamics as well, and I believe there is a grant or rebate program associated with that program for the things you're talking about.

**Mr. Pedersen:** Also, in the transportation industry, there's new standards coming out for the new diesel engines, lower emission standards. Has there been calculations by your department—you should be aware of how transportation companies are upgrading their fleets and the rate of renewal and when these new engines come on stream, there will be less emissions. Is there projections within your department of how that alone—that was a US government initiative that you're going to be able to take advantage of to lower greenhouse gas in Manitoba here? Is there any calculations of how that will affect transportation industry emissions?

**Mr. Meier:** We work with the federal government on vehicle emission standards. So we have asked

them, specifically, on that program, what the expected emission reduction should be as a result of that program. We work very closely with the federal government to give us the estimates on emission reductions on programs such as those. So we have requested that information, and, as a result, we will—we'll be working to build that into our estimates.

**Mr. Pedersen:** Oh, I take it from that answer, then, you don't have that estimate yet, and, if you don't have that, when will that estimate be coming to your department?

**Mr. Chairperson:** Mr. Pedersen. Pardon me, Mr. Meier.

**Mr. Meier:** We've asked the federal government for that information. I don't have a specific date as to when it's going to be provided. It's the best I can provide. I mean, we routinely go back and forth with the federal government and Natural Resources Canada, and others, to get this type of information. It's quite a flow back and forth. So it's a request we have in place right now. I'm not sure as to when we're going to get that estimate back.

**Mr. Pedersen:** Returning to agriculture. For 35 per cent of the greenhouse emissions, what are the major sources of the greenhouse gas emissions within agriculture?

**Mr. Meier:** The emissions are predominantly, from what I recollect, and what my officials are going to be looking in, is soil and manure management would be the two predominant areas—soil emissions and manure management.

**Mr. Pedersen:** So what is the initiative there to reduce that?

**Mr. Meier:** In agriculture, there's been a lot of work with the agricultural community on initiatives such as zero till, as well as others, to work on the soil pieces and then on manure management. We'll have to get back on the specific programs for manure management.

**Mr. Pedersen:** I think if you had checked with Deerwood Soil and Water Management, that the group that's been going for 25 years in the Pembina Escarpment, you'll find that zero-till land actually emits more greenhouse gas than conventionally tilled, and they have the documents—documentation in there to prove that. So it's, you know, if you would bring in those groups like that to help you with this, I think it would be—you would find it a great asset.

**Mrs. Driedger:** My questions relate to the hybrid vehicle rebate program, and I wonder if the deputy could indicate how many vehicles—or how many Manitobans received rebates during the program.

**Mr. Meier:** We would have to get back to you with the specific number of rebates that were issued as a part of that program. So we'll make that commitment to return to you with that information.

**Mrs. Driedger:** Now, I was interested because there was such a—you know, there's a lot of hype about hybrids and so if you, you know, were watching a lot of that or hearing it, you'd think that, you know, these were pretty significant. And yet in the auditor's report, it—you know, there is an indication that the \$3-million hybrid vehicle rebate program had no expected GHG reduction, as it was felt that the greenhouse gas impact would be small. Why was it felt that the impact would be small? Is it because not very many people were buying hybrids or that the hybrids weren't as good as the hype?

**Mr. Meier:** The intent of the program was, with the new technology coming out, was to bridge the technology, was really to provide the funding to allow people to get into that technology, and the emissions reduction really depends on the type of vehicles that were replaced. So if there was a replacement of a truck with a hybrid, there would be a greater emissions reduction there. I don't have the specific sort of assumptions that have gone into that program, but I would assume that it would have been, you know, vehicles that were being reduced by or being replaced by hybrids were ones that were, you know, not sort of the large emitting trucks and those types of things. It would be a similar type vehicle. So the overall emissions reductions as a result of that may not be sort of as large as some of the other vehicles that would have been taken off the road.

**Mrs. Driedger:** It indicated also in the auditor's report that departmental analysis showed that some non-hybrid vehicles were more fuel efficient and emitted fewer greenhouse gases than some hybrid vehicles. Do you have a list of which vehicles those might include? I'm wondering if my car is on there or not.

**Mr. Chairperson:** No.

Mr. Meier?

**Mr. Meier:** And I would just pull this information off, you know, just knowledge that's out there in the marketplace, that there are efficient non-hybrid

vehicles as well that have very low emission standards as well as hybrid vehicles as well. So there is, I'm sure, a list of emission standards that would be—Transport Canada would have on what the fuel efficiency and resulting emission standards would be for those vehicles. I don't have it here right now but I'd be willing to provide that to you. If you told me what vehicle you had, we'd find it on the list.

**Mrs. Driedger:** It's a 2004, so I'm not sure how good it actually is.

**Mr. Chairperson:** It's a junker.

**Mrs. Driedger:** Yours is older.

Just a final question on hybrid vehicles: Are you, you know, intending to continue to monitor the, you know, the usefulness of advertising, you know, so that people buy them? Like are they really adding a lot of value to our control of greenhouse gas emissions?

**Mr. Meier:** The question around advertising: I don't know if you're aware or not but the hybrid rebate program was finished. There still is, from a departmental perspective, when you're talking about green and changing behaviour and other things, there still is merit in new technology and green technology as well to change behaviours and other things as well. I think the marketplace does a significant amount of advertising around hybrid technology and they've recognized that that's a niche that is growing as well. So we will continue as part of our programming to try to, you know, change behaviour to reduce emissions and move towards our goals of meeting our targets.

**Mrs. Driedger:** I have a question and it's not related now to hybrids, but I was looking at the climate change partner departments that actually are involved in, you know, looking at working towards climate change action plan and I notice Health isn't in here. Were there any applications by the Department of Health to be part of that action plan?

**Mr. Meier:** There are proposals from almost all departments as part of the Budgeting for Outcomes process. I'm not sure of the specific program and which one would have been implemented inside Health. I know there were some proposals though.

\* (20:10)

**Mrs. Stefanson:** Just looking at the targets, we were—if we could go back to the emissions reduction targets for 2010, I believe the reduction was to be to

2000, the levels of GHG emissions in 2000, which I believe was 21—about what—about 21.3 megatonnes of greenhouse gas emissions? Is that right?

**Mr. Meier:** We'll pull out our spreadsheet on those exact numbers. It's in that area. I know you're reading off of a chart.

**Mrs. Stefanson:** Yeah, there's a chart here. So I just can't quite tell.

**Mr. Meier:** I know there's a second part of your question that you're trying to get through.

**Mrs. Stefanson:** Yeah.

**Mr. Chairperson:** Okay.

**Mrs. Stefanson:** The current or the most recent information that we have is for 2008 and, as I understand—and maybe I'll just ask the Auditor General this—as I understand, the *National Inventory Reports* that come out have about a 15-month lag. Is that right?

**Ms. Bellringer:** That's correct.

**Mrs. Stefanson:** Okay. So in terms of, as I understand, from 2008, the levels were about—I mean, I guess 21.9 megatonnes of greenhouse gas emissions. It looks like it's just under 22 on the chart here that I'm looking at. So basically the reduction target from when this was implemented, this legislation, to the 2010 target is a reduction from—now from 21-point—because I believe it went up in 2008. The emissions went up in 2008. So it looks like on here from 2007 they did go up, as a matter of fact, and from 2006 as well.

But my point being that from 2000—to take us from 2008 levels down to 2000 levels, there's not much of a reduction in that target. And it looks like, really, the difference between that, you're—that's really only what you're required to do is maybe reach 5 per cent of the way of reaching the overall targets, the Kyoto targets, of 6 per cent less than 1990 levels. Is that correct?

**Mr. Meier:** The way you've described the targets are correct, the 2010 target being that of 2000, and the other ones, the 2012 being much below that is the correct way.

Just a little bit on—you talked a little bit earlier about the information related to the national inventory and the federal government and the lag of information as well. We have worked to try to address that. We understand that it doesn't match up, as the auditor had indicated, with our reporting

requirements, and that if we continue to rely on that information we won't be able to report in time.

Manitoba—our department has moved to try to use other indicators, working in partnership with the Manitoba Bureau of Statistics and some information that's coming out of Natural Resources Canada on fuel and other emission indicators to develop a program just for Manitoba to predict. So we think that we have a program in place now. It's on a website called the Green Registry is where we're sort of housing all of this stuff. But there's an ability for us now to predict at a shorter period of time than we did before. So we can predict. We've got 2000—we are comfortable with the 2009 numbers we have prior to them being released by the *National Inventory Report*.

**Mrs. Stefanson:** How close are you to knowing whether or not you've reached your target for 2010, because, as I understand, it was supposed to be as of December 31st, 2010? Under this new reporting, I guess, method, I mean, how—when can we expect to know whether or not the government has reached its target for 2010?

**Mr. Meier:** The legislation has actually a reporting date of December 31st, 2011. Because 2010 isn't finished yet it's very difficult to get the emission numbers right at the end of—well, 2010 is—but it's difficult to get the emission numbers right at the end of the year. So the reporting period for 2010 in the legislation is December 31st, 2011. So we are—we've compiled, as I said, using this new methodology, 2009 numbers. We're working trying to get 2010 numbers, and we're confident we'll meet that reporting deadline.

**Mrs. Stefanson:** So the 2008 numbers have been released, as I understand. Have the 2009 numbers been released as of yet, and can you indicate to us whether or not it's on target to reaching the 2010 goals?

**Mr. Meier:** You're right about that; it is a bit confusing around the whole thing. The 2009 numbers have not been released by the *National Inventory Report*—in the *National Inventory Report*.

Now, that's the federal government. What we've done is we've used some of the indicators out there that we know of through our own Bureau of Statistics as well as other reports that are out there to predict what 2009 numbers are, and we feel very comfortable around those numbers, and they are getting us towards that target that we have in 2010.

**Mrs. Stefanson:** Why was the 2000 number set as the target; like, how did that come about?

**Mr. Meier:** I'm unable to answer that question because I wasn't around when the legislation was written and the intent around why that would occur.

**Mrs. Stefanson:** I guess I'm just trying to figure out why a target would be set two years after the election for just reaching and achieving 5 per cent of the goal, of the ultimate end goal, that by 2012 you're leaving the other 95 per cent for the next two years.

I mean, is that really—I mean, it just sort of leads, I think, Manitobans to believe, is it really achievable? Is it something that is achievable by 2012 to between 2010 and 2012 to reach the other 95 per cent of that target?

**Mr. Chairperson:** Mrs. Stefanson, I'm going to ask you to rephrase your question.

**Mrs. Stefanson:** Okay.

**Mr. Chairperson:** Yes, go ahead.

**Mrs. Stefanson:** Well, I just will, you know—and, sure, it's maybe we're getting into policy, but I think it's difficult. And maybe I'll rephrase it in such a way that in—what is the department doing to ensure that the 2012 goals are met? I mean, I know that various things are being taken now; steps and measures are being taken to reduce emissions, but, unfortunately, the last data that we had, you know—and we looked at this chart. From 2006 to 2008, we see emissions on the rise in the province, and I guess, you know, I have difficulty sort of seeing how—and I understand—I mean, there are various things and policies that are put in the process, you know, to achieve, you know, better targets, and I appreciate that.

But what specifically—could you indicate—like, from what areas we can expect those reduction in targets? You talked about agriculture and transportation, I believe, being the largest emitters in Manitoba. Are those the areas, then, that will be targeted most to ensure that these targets are met by 2012? Is that okay?

**Mr. Meier:** I think as the auditor had indicated in her audit, this is a very aggressive target. We realize that. We also realize and have accepted the recommendation that Manitoba and the department needs to revise its plan to meet that target in 2012.

I indicated earlier where the sectors are, where the greatest emissions are inside of our province. Those are areas that we're looking at programs.

There is another area as well. We continue to refine numbers. We know that the NIR doesn't account for all of Manitoba's emission reductions. For example, on biofuels, for example, the equation that the national inventory uses is not the same as the one we use. It doesn't account for the sequestration of carbon by the biofuels that are growing on the crop land. It's those types of things that we're looking at as well to tell the whole picture about climate change and the life cycle of some of the products.

So it's a combination of different things we're looking at for the plan, both programs as well as further refining Manitoba's numbers around some of the programs we already have in place inside of Manitoba.

\* (20:20)

**Mrs. Stefanson:** Okay, and I gather that—I guess the process that's in place right now is such that when the department is deciding what areas to target and specific—I know through the funding, you know, you're targeting specific programs towards achieving so much in terms of greenhouse gas reductions, but what is put in place to ensure that, for example, in the agriculture sector, to ensure that there's an evaluation put in place, like in terms of not just for the greenhouse gas reductions, but if there is, you know, what's the risk-to-reward, sort of, ratio that you're trying to achieve here?

I mean, yes, you can go and put a bunch of people out of business and that would reduce greenhouse gas emissions; clearly that's not what we want to do. And so can you just talk a little bit more about the internal—how that works in the decision-making process?

**Mr. Meier:** The description that we had earlier from the Deputy Minister of Finance around the Budgeting for Outcomes and the risks associated with that, is a good description of how those decisions were made, and the funding is a portion towards those. It really is driven by the amount of GHG reductions a specific project has and the funding that's associated with that. So, you know, down to its purest breakdown it's, you know, the dollars per tonne to—for those types of reductions.

And, really, that's the whole process of Budgeting for Outcomes, and the decision is made around the different projects. So that description was the one that I think is most accurate.

**Mrs. Stefanson:** No, fair enough, and that's pretty much what I figured. I just wasn't sure if there was

anything else out there, aside from that, that also was into play here with respect to the process. But it looks like that is pretty much the process, so that's fine.

I just want to get back to this Manitoba inventory system. I mean we've been looking at the *National Inventory Reports*. Could you expand on that, and when can we expect to have that fully in place in Manitoba so that we know in a much shorter time period than the 15-month lag time for the *National Inventory Reports*? And, as I understand, the *National Inventory Reports* also doesn't currently reflect all factors impacting agriculture-related emissions, et cetera. So will this new Manitoba inventory system take into consideration all of those factors, and when can we expect this to be in place?

**Mr. Meier:** I indicated earlier that we do have a process in place to get a better estimate ahead of time, that 15-month lag that you were talking about. So we have done that for 2009.

There is another aspect to that, and that's the refinement, some of the earlier stuff I talked about, refining Manitoba's numbers for some very Manitoba-specific information. Right now the national inventory uses, sometimes, data and inputs in their calculations that are broader scoped so they won't be province specific. But what they do is they just—they break it out by province, not with province-specific data but with some general assumptions and calculations around that.

So we're looking to further refine those aspects, and we're developing that right now. It's not in place yet but to refine the information that comes out of StatsCan and the Manitoba Bureau of Statistics, to refine that with our own calculations so that we have a better picture of what the changes are.

So there's two different things. One is the estimate for the 15-month lag. We have that in place right now. We have a better way of indicating that ahead of that. And the second one is taking the national inventory information that we receive from the federal government and refining that information so that it's more applicable to Manitoba and the Manitoba situation.

**Mrs. Stefanson:** So will there be an independent third party that will be reporting on Manitoba and whether or not they're reaching the targets, or is it the department that is going out and gathering various statistics and compiling the data about themselves?

**Mr. Meier:** According to the legislation it is the discretion of the minister, and we haven't brought that forward yet for the third-party validator.

The work that we are doing right now, and have recently released on the Green Registry and Manitoba's Dashboard is work that we've done in partnership with the Canadian Standards Association. So we do have a history of working with third-party validators to ensure that the information that we are creating and the types of information that we are creating is consistent with other jurisdictions and other areas. The standards for reporting are standards that are internationally recognizable at this point in time. Inside of Manitoba there's many different ways of looking at climate change and Manitoba is using the methodology that's internationally accepted.

**Ms. Brick:** I wanted to ask you, I know a lot of questions here have been related to agriculture, so I do have a question related to agriculture. On page 17 it talks about one of the initiatives, that being the Climate Friendly Woodlot Practices program for agriculture producers. Could you give the committee a little bit of information about that program?

**Mr. Meier:** I'll do my best to describe the project. It's a project that the Department of Agriculture and MAFRI operates inside of Manitoba, and it's one that works with producers to sustainably manage woodlots—which are stands of trees—on their lands. This is to ensure that it's—the benefits from this come from a healthy and sustainable forest that are in those areas, so working with them to manage the removal of old wood and plant new trees and those types of things. So, really, that—the greenhouse gas benefits is just one of them, but that's from the sequestration of a better, faster-growing woodlot. But there are other ecological goods and services that come out of programs like that as well. So that's a very short description of it.

**Mr. Gerrard:** Yes. Let me refer to, I think it's figure 7, which is the changes in greenhouse gas—

**Mr. Chairperson:** Dr. Gerrard, can I ask you to pull your mike closer, please.

**Mr. Gerrard:** Yes, sorry. Figure 7, which is the changes in the estimates to the original greenhouse gas reductions—now, in the top line there is reference to the biofuel initiatives, and the fact that the, you know, the estimate, the original estimate was out by some 232,000 tonnes. Can you give us some insight

into why the original estimate was that far out, and, you know, what happened?

**Mr. Meier:** There are two principal reasons behind that. The biodiesel mandate is not fully implemented yet. The intent was that it would be fully implemented by that time to reach those numbers, and the other point is the blending of ethanol is at eight and a half per cent versus the predicted 10 per cent that we thought was going to be achieved.

**Mr. Gerrard:** Yes, my second question relates to the next line, which is the large emitter reductions. Can you tell us the nature of the large emitters that we're talking about, how many there are and why there was a, you know, no reduction at all so that the estimate of reduction fell short by almost 300,000 tonnes?

\* (20:30)

**Mr. Meier:** At the time, the large emitters inside of Manitoba, the intent was that the federal cap-and-trade program would have been in place, so that's what the estimates were based on. Obviously, it's not in place. Manitoba is undergoing consultations right now on cap-and-trade at the provincial level and that's the reason why.

**Mr. Gerrard:** Can you bring us up-to-date in terms of whether there's any likelihood of cap-and-trade being in effect before the 2012—the end of 2012?

**Mr. Meier:** Mr. Chair, there's consultation ongoing right now, and the decision would be that of—you know, based on the consultations, that of the will of Cabinet.

**Mr. Gerrard:** Is the plan for within Manitoba only or across the country?

**Mr. Chairperson:** Dr. Gerrard, that's becoming a policy question, so I'm going to allow Mr. Meier the latitude to not answer that question or to defer it.

**Mr. Meier:** I can provide information, Mr. Chair. Manitoba is a member of the Western Climate Initiative which has a view on cap-and-trade programming.

And the other point is—you asked about the federal program. I can't comment on that.

**Mr. Gerrard:** The next question relates to the third line. The other coal reduction biomass initiatives. We're 155,000 tonnes short. What was the reason for that being so far short?

**Mr. Meier:** I think there was the earlier comment of not fully implementing the coal tax yet, so the prediction was that it would come on earlier than it did. So that's a result of the coal reduction not meeting the target.

**Mr. Gerrard:** Okay, thank you. And the new vehicle efficiency standard, can you explain why there was no reduction there?

**Mr. Meier:** The prediction was that the federal government would have implemented the fuel standards, the California fuel standards, and that's what the estimate was based on. So that's the reason why.

**Mr. Gerrard:** Okay, and the next line is the air source heat pump technology initiative. Can you explain why we're 110,000 short in terms of tonnes?

**Mr. Meier:** When that estimate was developed, the intent was the technology would be advanced further than it is right now. As a result, we haven't seen the initial reduction as a result of that program.

And, really, I think what that does is it provides a bit of insight into climate change programming. You're attempting to predict something that's going to be happening and you work towards that. Many of the other standards and things that we've talked about are ones that either the federal government is involved in or other bodies or agencies are involved in, and it is a moving game that's out there.

**Mr. Gerrard:** The next line deals with Manitoba Hydro coal-powered generating station phase-down. We're about 96,000 tonnes short. Can you give us an explanation?

**Mr. Meier:** This—the prediction of 300,000 was the complete shutdown of the Brandon coal-fired generating plant of Manitoba Hydro's. The 204,000 represents the reduction that was taken out of the plant in Brandon. The 96,000 is the amount that's left because it is on standby with Manitoba Hydro. We do get quarterly reports on its operation, but that 96,000 is the difference between the 300 and the 200 and the reason why.

**Mr. Gerrard:** Thank you. And the next line deals with geothermal uptake initiatives. We're about 87,200 tonnes short.

**Mr. Meier:** I think on this one it's—again, the estimate wasn't as accurate as obviously it was—it turned out to be. So that's what it comes down to.

**Mr. Gerrard:** The next question relates to the—when you've got a situation where you're planting trees, and, of course, there are also trees being cut, can you tell us how those are balanced out and where and when you count the tree being cut down as the—generating greenhouse gases?

**Mr. Meier:** The way that it's balanced off is a few different elements. Inside of Manitoba for commercial forestry perspective, we have a no-deforestation policy inside of the province, so any area that is deforested is reforested. There's a policy, or regulations and penalties in place, enforcement action associated with those that don't replant in commercial forests that are harvested. The land use—the land-based changes as a result of deforestation that occurs on non—sort of—managed lands such as private lands and others are reported to us by Natural Resources Canada as part of a report. So that's how we monitor those aspects.

The other aspects of afforestation, which is one of the programs that is funded under Budgeting for Outcomes, the Trees for Tomorrow program, is one where we work on estimates of what carbon sequestration would be by species that is planted. That's done in development with Natural Resources Canada on developing a carbon modelling, a carbon model, actually, for trees and for plantations that are put in there. So those are the inputs that we have inside of our overall reporting framework.

**Mr. Gerrard:** I mean, just in essence, when it comes to planting trees, it's easy to figure out the calculated increment, but when it comes to knowing what landowners may be doing in terms of cutting trees, I mean, you're—it depends on Natural Resources, which are probably using satellites or what have you, to monitor forestation, and it's harder to predict, I would guess, in terms of exactly what's going to happen. Is that right?

**Mr. Meier:** They would use the land-based changes for reporting, but they use those on an international level; they use them for all of Canada as well. So that's the best way to monitor it. I mean, the whole debate and the whole discussion around natural forests and forests overall and carbon sequestration versus what's released inside of a fire has been a very hotly debated international discussion that Canada's very involved in at a national level.

If you simply took, you know, the standing forest that Manitoba has inside of the province and the amount of carbon it sequesters, we would more than meet and exceed our provincial targets of

emissions reductions, but the calculations at this point in time and the methodology at this point in time don't allow Manitoba to use its natural forests to offset its emissions. But if you did use that, which is a way to look at it, we would more than exceed our emissions for sequestration. So it's a quite a involved debate around land-use changes and a number of different other things as well, so.

**Mr. Gerrard:** Yeah, and just to complete the discussion of forests, when you have a forest fire or a heavy forest-fire season, that presumably adds to the amount of greenhouse gas generated. Is that right?

**Mr. Meier:** If—the way the international reporting protocol is released is that Canada did negotiate, and I think others negotiated that natural disturbance, so carbon released as a part of a fire would not be counted. And as an offset to that, a natural, growing forest you couldn't account as something that was sequestering carbon. So the balance on that one, that's a debate that's still happening at an international level that Canada's very involved in as well. Canada believes that it does have a role internationally as a predominantly forested country to play a big role in what's happening on a global scale.

\* (20:40)

**Mr. Gerrard:** On the background, the estimates of greenhouse gas emissions by different segments—I mean we've talked about agriculture and transportation—there's a section dealing with stationary combustion which is 4.78 megatonnes. Can you—I presume that this, a lot of this deals with heating of homes and businesses and industrial buildings—can you elaborate on that and sort of give us a full picture of what's included and what's happening in that section?

**Mr. Meier:** And you were correct in the way that you described, you know, what stationary combustion is. And stationary combustion sources, as a result of definitions that are used inside of the national inventory, include things such as electricity and heat generation, fossil fuel production and refining, mining and oil-gas extraction, manufacturing industries, construction, commercial and industrial, residential, and agriculture and forestry. So that's under the energy subheading, and that's the definition of—or the categories that are under stationary combustion sources.

**Mr. Gerrard:** And under the industrial process section, which is .65 megatonnes, on the one hand it

seems surprising that there's so little in that section. Does that deal with just, you know, industrial process of a certain size, or does it include all industrial processes in the province?

**Mr. Meier:** Again, looking at the *National Inventory Report* and what falls under industrial processes, there are the subcategories of mineral products, chemical industries, metal production, production and consumption of halocarbons, and then another category of other undifferentiated productions. So those are the large ones. I can give you a breakdown of what each of the specifics are underneath one of—each of those categories, but I think that gives you the broad breakdown.

**Mr. Gerrard:** You know, you didn't indicate whether it was only a certain size of industrial processes. Do you know that?

**Mr. Chairperson:** Mr. Meier?

**An Honourable Member:** I was lead to understand by somebody that there's a—

**Mr. Chairperson:** I'm sorry, Dr. Gerrard?

**Mr. Gerrard:** I was lead to understand by somebody I talked to that it might be that an industrial process had to be a certain size before it would be captured.

**Mr. Meier:** In fact, anything over 100,000 tonnes of emissions needs to report. So those are the ones that would fall under those categories, and they would be our large emitters or defined as large emitters inside of the province.

**Mr. Gerrard:** So just to make sure that I've got it clear, it would be any under 100,000 tonnes emission, which would be captured in the industrial process of .65 megatonnes?

**Mr. Meier:** So the NIR reports on anything over 100,000 tonnes. It doesn't need to be specific to one of those categories that I was talking about. So it is—in Manitoba, those that are over 100,000 tonnes need to report under that framework.

**Mr. Chairperson:** Dr. Gerrard, I'll give you one more question, then we'll move on.

**Mr. Gerrard:** Okay.

And, yeah, I think I've got it right, that it's the large emitters of over 100,000 which are captured in that .65 megatonnes, and, my last question deals with the approved ecoTrust projects. There was a carbon-neutral government air travel, and there were no actual spending on that section and no planned

spending on that section. Is that to indicate that—I mean, I presume that there was some government air travel but that there was no attempt to make it carbon neutral. Is that correct?

**Mr. Chairperson:** Mr. Meier.

Dr. Gerrard, that's close to the line, but we'll—

**Mr. Meier:** We do offset some of our travel. The travel to Copenhagen, for example, at the COP meetings out there were offset as well. There isn't a formal policy at this time and place in place.

**Mr. Chairperson:** Thank you very much. We're going to move on to Mrs. Stefanson—no, you were ahead of Mr. Pedersen.

**An Honourable Member:** No, that's fine.

**Mr. Chairperson:** Oh, well, then I have to go to Ms. Brick.

**Ms. Brick:** I have a question about recommendation No. 8. And, in specific, recommendation No. 8 talks about partner departments and implementation of a formal risk management process for climate change projects. I'm specifically thinking about the Manitoba Green Building Council, and I'm thinking—I don't see it anywhere in here. I don't know if it is one of the ecoTrust projects.

And I'm just wondering how that plays into climate change analysis. When I think about Smith Carter Architects and their new building, and I think about Manitoba Hydro and the new building that Manitoba Hydro has, how are those calculations factored into greenhouse gas emissions and your calculation of greenhouse gas emission reduction targets?

**Mr. Meier:** We indicated earlier that, under the *National Inventory Report*, there's stationary combustion. So the changes, for example, that Manitoba Hydro would've made to its office would show up in stationary combustion. So, as an aggregate for the Province, you would know that number would go down as emission reduction programs are implemented. The same would go with any energy efficiency programs that Manitoba Hydro would have would fall under the residential subcategory associated with that as well.

**Ms. Brick:** I just have one additional question. So is there potential for an ecoTrust project to be put in to encourage people to green their residential or business, as has happened with Manitoba Hydro, as

has happened with Smith Carter Architects, just to encourage people to make those moves themselves?

**Mr. Meier:** Currently, under the BFO, I think there's a bit of confusion. The ecoTrust fund is a federal fund that was provided to the Province as sort of a larger payment for the Province to roll out different programs. Under the approved BFO projects, there's a number of different projects there that work at the community levels such as CLER, which is Community Led Emissions Reduction. It works with small communities to look at community-based reductions.

So there are a number of different programs like that that BFO supports to get to emission reductions.

**Mr. Pedersen:** Just to follow up on a couple of questions that were asked earlier. The Climate Friendly Woodlot Practices program for agricultural producers, we tend to just call it selective logging in shorter terms. Is there a—and this is only the top 12 that's listed in here—is there a Climate Friendly Woodlot Practices program for provincial parks?

**Mr. Meier:** Provincial parks do not have commercial logging inside of them since legislation was changed inside of them. I'm not sure if you're—I'm not sure if that was the question that you're asking or perhaps there's—

**Mr. Pedersen:** There is a difference between commercial logging and selective logging in forestry, and this is selective logging in this for agricultural producers. I just asked if there was a program under the 70 programs that are not listed here for provincial parks?

**Mr. Meier:** There is no similar program that operates inside of provincial parks under the BFO.

\* (20:50)

**Mr. Pedersen:** And there's 12 major projects description listed in the book here. Could you provide me with—and I believe there's 70 in total—could you provide me with a list, a written list? Obviously, I don't want you to read them off tonight here, but could you supply me with a written list of the 70 projects and their planned greenhouse gas emission reduction by 2012, just a full list of—for the partial list that's here?

**Mr. Meier:** We can provide a list of those that were approved up until the last approved budget. Those that are approved into the future, I couldn't do that.

**Mr. Pedersen:** Well, would that be 70 then, or is—like there's 70. Well, that's—okay, I understand. Different initiative and future actions. Will you provide me a written list with the current list of actions?

**Mr. Meier:** As a result of BFO projects that have come out, we can provide a list of BFO projects. The confusion around the 70 I think are 70 initiatives that were listed in the *Beyond Kyoto* document, and those are available in printed form.

**Mr. Pedersen:** I have another written request for you, too, Mr. Meier. The livestock, we're—going back to agriculture, and manure management, obviously, is a—what you're saying, telling me tonight—is a huge emitter of greenhouse gas. I don't expect it to be within your expertise; it's within Manitoba Agriculture's expertise. But can you get me a written reply as to the amount of greenhouse gas tonnes that you are estimating in Manitoba—greenhouse gas—from manure, and then can you also, from the Agriculture Department, can they give me an explanation of how forage offsets greenhouse gas?

**Mr. Meier:** We will endeavour to ask the Department of Agriculture to provide us with the information. I believe I've got some heads nodding here so that information is available, and we'll provide that after the fact, instead of me reading out numbers off the NIR. I think it's better that way.

**Mr. Pedersen:** Thank you, yeah, and then I have it for my own use.

Manitoba Hydro is major exporter of hydroelectricity out of the province. There is all kinds of studies with—for every megawatt or unit of megawatts, there is a reduction in greenhouse gas emissions. It is—the hydro that Manitoba Hydro—the hydro production that Manitoba Hydro exports, is that part—is that calculated in as part of the greenhouse gas reduction in Manitoba?

**Mr. Meier:** In fact this is a very similar discussion as to the one we had on natural forests where we have a great advantage when you look at us at a balance sheet for natural forests and the amount that we can sequester but it's not included as part of the equation. A similar thing happens in Manitoba with regards to Manitoba Hydro. We have the benefit of being a province that has clean energy but our exports and the offsets in other jurisdictions, which we know are real, we can calculate them but, unfortunately, at this point in time they're not included as part of our overall target.

I can let you know that we do have—on the Green Registry web page we have a bar chart here that shows all the way back to 1990 the amount of emissions that would have been offset by our clean energy exports inside of Manitoba, and as of 2009 it would have been over 7 megatonnes. And as you know that would have far exceeded the target inside of the province.

The other part of the story that this tells is that other jurisdictions that have coal-fired powerplants and other ones that are emitters, there's—the work in those jurisdictions to move off of that to clean energy is the predominant way that they're meeting their targets. Manitoba doesn't have that. We were, you know, leaders in clean energy all along with our hydroelectric development. So that's another area, when you look at the broad scope of reductions inside of different provinces and different jurisdictions. Manitoba has clean energy already so it's not an area we can go to for emission reductions.

**Mr. Pedersen:** The—I just wanted to ask what the impact on Manitoba's greenhouse gas emissions will be now that the smelter in Flin Flon has been closed.

**Mr. Meier:** That, you know, would depend on the utility and how much of it exports. I don't have that information. But you're talking about closing the smelter itself and the emissions as a result—one moment, 55,000 tonnes.

**Mr. Pedersen:** And with the announced closing of Vale Inco in Thompson, is there an emission number for that facility also?

**Mr. Meier:** That has not been determined yet; I don't have a number.

**Mr. Pedersen:** I have one last question—oh, no, I don't—sorry, I have two questions. Mr. Chairman, if I may?

And I don't know if this one was covered, perhaps, and it's in regards to the scrappage program on cars. Do you have numbers for how many cars were—how many units were involved, the dollar figure involved?

**Mr. Meier:** I will endeavour to get those numbers for you. I don't have them at hand right here, but the numbers are available.

**Mr. Pedersen:** It would be great if you do that.

And my final question is to the Auditor General. If the climate change emissions reductions act was passed in 2007-'08—whenever it was—2008—and we

get to 2012, there's supposed—the act specifies emission reductions are supposed to be 6 per cent below 1990 levels by 2012, the audit will be done in 2013, is there any implications on the government if that, in fact, does not happen? And I'm—what I'm actually—why I'm asking that is if you—if the government passes a law that's, you know, in a speed limit and you exceed that speed limit, there's penalties. Is there any penalty on government here for not adhering to its own legislation?

**Ms. Bellringer:** It's probably not a question for me rather than more of an interpretation of the act. But my understanding is no, there aren't any direct implications within the context of the act. And the indirect ones I—and I'm not going to speculate on it, but, obviously, there are some.

**Mr. Chairperson:** Pardon me, Mrs. Stefanson.

**Mrs. Stefanson:** Still going or—?

**Mr. Chairperson:** Oh, yeah.

**Mrs. Stefanson:** Okay, okay. Now, just a question for the—[*interjection*] Yeah, no.

**Mr. Chairperson:** Okay.

**Mrs. Stefanson:** Are you kidding? No.

A question for the Auditor General as well, and it just goes back to the line of questioning that I had earlier for the deputy minister with respect to the *National Inventory Report*. And I guess they mention that they are coming up with—and they do have ways of probably coming up with the reporting in a more timely manner. Did what you heard tonight, does that satisfy that this is arm's-length-enough of a process that we—that they're putting in place here?

**Ms. Bellringer:** Okay. It's a bit—it's a—half of the answer is a policy question in the context of whether or not you choose to have things verified. The—there—I mean there's a lot of different systems being developed around the world. In fact, the accountants are wading into it and the International Auditing and Assurance Standards Board is looking at a—they're about to approve a whole methodology that auditors would get involved. And if you were to audit against those standards, the standards are set out; they're not the same kind of standards that you—that you'd see. And, you know, in our world, in terms of, say, accounting where there's generally accepted accounting principles that are very down to a, you know, a very detailed level, they're more principles based, and they look at the methodology that's being used, being objective and that it's laid out and it's

disclosed. And that disclosure may vary from one area to another, but it will show to you how something has been calculated and then an auditor will come in and verify that it was done that way.

\* (21:00)

So the laying out of the information, to me, is the more important piece for reporting so that you can see how it is calculated because there will be different methodologies for that calculation because there is no one way to do it. Having a Manitoba—having the Manitoba factors factored into it is logical to me because there are things that national inventory isn't going to capture or you may have some timing issues. So coming up with a way to do it in a timely way, it is, from everything we saw, something that will be necessary to do.

And that there's some way to know that there's some credibility around that information is an important thing, whether that's done through verification by an external, if you will, auditor or validator, is certainly the best way to do it. But there are other ways to know that you're seeing information within that report that you can see where the source is and it's a legitimate one.

**Mr. Chairperson:** The hour being 9 o'clock, what is the will of the committee?

**Mr. Martindale:** I recommend that we continue with questions until 10 o'clock or until the questions are exhausted and/or the report is passed.

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

**An Honourable Member:** I have one more question.

**Mr. Chairperson:** Okay. So is it agreed that we should continue until we're completed? [*Agreed*]

**Mrs. Stefanson:** Just another question for the auditor, and I think—and it sort of goes along with what my colleague was asking earlier, and without getting into policy and asking, you know, a policy question, I would like to ask about how the auditing process works with respect to your office, and in terms of when a government comes out with legislation and they set targets and goals and put that within the legislation, and I think you've stated pretty clearly that that's good. When you're setting targets you're, you know, you're looking to—at ways to achieve those targets. At what point—and does your office get into saying okay, well, what if those targets aren't met and that there should be some sort

of an accountability factor put in place here. Would that be a type of recommendation that you would make or is that outside of the scope of what you do?

**Ms. Bellringer:** Highly unlikely. That's definitely walking into a policy area that we wouldn't comment on.

**Mrs. Stefanson:** So, in terms of—I mean, when we're trying to sort of figure out for Manitobans and whether or not, you know, a program's in place that's been audited. We're trying to figure out whether or not, you know, it's doing what it should for Manitobans. So we're here asking questions to ensure that there is accountability within this system.

How do we go about doing that? Is that just a debate that we have, then, and there's no mechanism like—you usually do value for audits. I mean, it would've been another type of auditing or is it just completely out of scope altogether in terms of what you do to ensure that there is transparency and accountability with legislation that's brought forward in Manitoba.

**Ms. Bellringer:** That's a big question. In terms of where does the debate belong on the political side, clearly around whether or not you should, you know—what initiatives should you undertake to achieve what. Those are the debates that the politicians should be having.

What we look for—and when we decide to do a value-for-money audit, it's because we've assessed—we decide which area we think we can make a contribution towards. If we look at it in a lot of detail, that we, hopefully, will help move that practice forward by bringing it to your attention so that you can have further debates and discussions, at a committee, for example. But there's—we don't look at them all. We can't look at them all, and we won't necessarily look at every aspect of it. But we select those on a, just a—it's not random, but it is risk-based from our approach.

So, you know, I'm not really sure how to answer the question around, you know, if—you do get into—you know, it is the big question around how does the right thing get done, and, I mean, there is the political aspects to it, there's the policy aspects that flow from that, and then we do have an expectation that if—that you will be provided with information around how effective a program has been. We don't actually do the measurement of the effectiveness. We expect that the department would do that, and then we'll provide you with the information that the

department has or has not done that kind of an evaluation.

For high-risk areas with a big impact to the province, we like to think we're selecting a number of those to give you that kind of information so that we can add some assurance around it, but we're expecting that that's happening right across the board. I mean, just because we look at it doesn't mean that's the only place that we think government should be doing that kind of a thing, that if there's an expectation, either through legislation or through just government program and internal policy, that those things will always be taking place and then our selections will just contribute to a—it's a huge network of processes that go towards that happening.

**Ms. Brick:** I guess I do have a question as well for the Auditor General. I just wanted to make sure when we're reading this climate change report you've made, this is based on a snapshot in time at the time that you performed the audit, correct?

**Ms. Bellringer:** Yes. In the report, we'll indicate exactly what period of time it's covering and how long it took us to actually do it.

**Ms. Brick:** My next question is, in doing climate change audit, as I read through this, it appeared that this was somewhat of a more abstract kind of audit you did in that you captured what is currently happening, but you were also looking towards the future as to what could be happening in the future. Is that correct?

**Ms. Bellringer:** Yes, to a certain extent, but what we placed a lot of reliance on was the department's—the work that the department had done to see what progress was being made and then that included a lot of analysis around—just as for each of the various initiatives, where it stood at the point in time that we covered it. And what we mention—we conducted it between November '08 and June 2010, and we did examine processes relating to the initiative in place between April 1, 2007 and April 30, 2010. So it isn't like one day. It's—it very much was related to various processes in place.

**Ms. Brick:** Having answered that, though, when I read through this, it almost reads a bit different than some of the other audits that I've read. The reason being that it seems like there's a lot of change right now happening in how we measure climate change and that that is something that is evolving right now. So I guess what—when I look at this, I'm happy to see that this audit is done, but this is an ever-evolving

area much faster than maybe some of the other audits would be that are much more dollars orientated, and so I mean maybe that's a simplistic way of explaining that. Is that correct?

**Ms. Bellringer:** It's fairly common in when we're doing value-for-money audits that it would have a number of similar factors that you've seen in this particular audit. One of the ways that we—we work very closely with departments throughout the process of a value-for-money audit. After we have assessed all of the various risks, we come up with objectives, and when we're trying to figure out how we're going to measure each of those, we establish criteria and subcriteria and we sit with the department, go through it, and say, if we were to see whether or not you're doing this, does it make sense to you? And we work with them so that we're not applying a standard that they come back later, and say, well, what did you look at that for because it doesn't make any sense in our context?

We also, in this particular audit, we did also contract with an external consultant who had significant climate change expertise to make sure that we were speaking the language that would be appropriate under the circumstances.

\* (21:10)

**Mrs. Stefanson:** I just wanted to maybe make a comment, not so much asking a question at this stage, but just to say that I think what we're finding here at, you know, the questioning of the deputy minister, and so on, I think the problem that we're facing here is that targets have been set, they've been put in legislation, and I don't believe we're getting answers here tonight that are satisfactory towards being able to achieve those targets. And I don't mean that in any reflection whatsoever in terms of the deputy minister or his department because I believe that they are doing the job that they're supposed to do to the best of their ability to try and achieve those targets.

But we have a really difficult situation here to be able—I'm not—we're not comfortable passing this report at this stage until the department and the minister—they're able to come back with some very

serious data that will show that they are going to work towards achieving the target that they have set for themselves.

And so I just wanted to say that, certainly, on behalf of my colleagues here, this is very difficult to be able to pass this report at this stage. And while we don't have any more questions at this stage because I don't think they have the answers to how that's going to be achieved, so we don't have any more questions, but I don't believe that we can pass the report at this stage.

**Mr. Chairperson:** Are there any more questions?

Well, I guess I have to ask the question. Is the committee agreed that we have completed consideration of Chapter 1: Managing Climate Change of the Auditor General's Report to the Legislative Assembly: Performance Audits—December 2010?

**Some Honourable Members:** Yes.

**An Honourable Member:** No.

**Mr. Chairperson:** No. I hear a no.

So what is the will of the committee?

**An Honourable Member:** Committee rise.

**Mr. Chairperson:** The hour being 9:11, what is the will of the committee?

**Some Honourable Members:** Committee rise.

**Mr. Chairperson:** Committee rise. I thank the deputy minister and the minister's staff for being here with us this evening.

There are some questions that were asked tonight, which you will be getting back to the committee with, and I guess we'll have to decide how we proceed once we've received that information, and we will be in communication with the—with your department. So thank you very much for your participation here this evening.

**Floor Comment:** Thank you.

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

**COMMITTEE ROSE AT:** 9:11 p.m.

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