

First Session - Fortieth Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Public Accounts

Chairperson
Mr. Larry Maguire
Constituency of Arthur-Virden

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MANITOBA LEGISLATIVE ASSEMBLY
Fortieth Legislature

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

Wednesday, March 21, 2012

TIME – 7 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Larry Maguire (Arthur-Virden)

VICE-CHAIRPERSON – Mr. Gregory Dewar (Selkirk)

ATTENDANCE – 11 QUORUM – 6

Members of the Committee present:

Hon. Messrs. Gerrard, Struthers

Mr. Allum, Ms. Braun, Messrs. Dewar, Helwer, Jha, Maguire, Pedersen, Whitehead

Substitutions:

Mr. Friesen for Mrs. Stefanson

APPEARING:

Mrs. Leanne Rowat, MLA for Riding Mountain

Mr. Kelvin Goertzen, MLA for Steinbach

Mr. Wayne Ewasko, MLA for Lac du Bonnet

Ms. Carol Bellringer, Auditor General

WITNESSES:

Hon. Ms. Selby, Minister of Advanced Education and Literacy

Mr. Gerald Farthing, Deputy Minister of Advanced Education and Literacy

Hon. Ms. Irvin-Ross, Minister of Housing and Community Development

Ms. Joy Cramer, Deputy Minister of Housing and Community Development

Hon. Mr. Swan, Minister of Justice and Attorney General

Mr. Jeffrey Schnoor, Q.C., Deputy Minister of Justice and Attorney General

MATTERS UNDER CONSIDERATION:

Auditor General's Report – Manitoba's Participation in Canada's Economic Action Plan, dated May 2011

Auditor General's Report – Follow-up of Previously Issued Recommendations, dated March 2011

- *Sections 6 to 10, Sections 14 and 15, Section 18.*

Mr. Chairperson: Thanks, everyone. I'd like to draw our meeting to a beginning, to open our meeting, and call everyone to order on the Standing Committee on Public Accounts. And we have called the meeting this evening to consider the following: and that is the Auditor General's Report on Manitoba's Participation in Canada's Economic Action Plan, dated May 2011; and the Auditor General's Report-Follow-up of Previously Issued Recommendations, dated March 2011; section 6, the University of Winnipeg Investment in Information Technology; section 7, the University of Winnipeg, Financial Review; section 8, Department of Advanced Education, Student Financial Assistance Program; section 9, Keewatin Community College, Investment in Information Technology; section 10, Red River College of Applied Arts, Science and Technology IT Audit; section 14, Department of Family Services and Housing, Public Housing Program; section 15, the Investigation of the Maintenance Branch of Manitoba Housing; section 18, the Maintenance Enforcement Program in that follow-up report.

And are there any suggestions from the committee on how long we should sit this evening?

Mr. Blaine Pedersen (Midland): I would suggest we sit until 9 p.m. unless we finish before that.

An Honourable Member: Agreed.

Mr. Chairperson: Is that agreed? Do we sit until nine if—unless we need—unless we don't need that much time? Thank you.

I wanted to—because there's a number of ministers and deputies involved here this evening, I wanted to suggest that we move forward in—I just throw it out to the committee as a suggestion that we proceed in the following manner to deal with section 14 and 15 under the Department of Family Services and Housing, Public Housing Program, and the

Investigation of the Maintenance Branch of Manitoba Housing, section 15, then proceed into section 18, the Maintenance Enforcement Program. That will allow—my understanding is that it isn't going to take all evening to do those two sections and then we would proceed into the rest of the meeting, if that is the will of the committee if they agree to that.

An Honourable Member: Agreed.

Mr. Chairperson: Okay, I see agreement. We will move forward on that matter then. I'm going to find out which ministers we had there now then. I would then call forward as witnesses the minister and deputy in regards to Housing and Community Development.

Welcome. Once you're comfortable there, then I welcome to the table and I would ask the Auditor General then if she would supply us with opening statements in regards to the Follow-up of Previously Issued Recommendations, dated March 2011, for sections 14 and 15 as I've outlined before in regards to Housing. Welcome.

Ms. Carol Bellringer (Auditor General): Thank you, Mr. Chair. I actually have a few opening remarks about the follow-up report in general, not specifically to these chapters.

This—the report represents our third annual follow-up report issued to the Legislature in this format. We request a status update from management and then we conduct review procedures. We're assessing the plausibility of the statuses that are provided. Our review procedures provide a moderate level of assurance. We contrast that with an audit, which is providing a higher level of assurance, so, for example, when management indicates to us that a recommendation has been implemented, we will look at a limited amount of evidence to support that.

We're pleased with the overall progress which has been made to address all of our previously issued recommendations. We have observed an improvement to the monitoring process by government departments, and we also have seen and believe that the regular public reporting of the progress combined with the scrutiny of those reports by this committee are actually factors which have been the greatest contribution to that improvement.

There are some older recommendations that have remained in progress for a number of years that we, in this report, draw to your attention. There were follow-ups done on 20 reports and of those, four

were considered completely cleared, but 13 of them were over five years old and those contained over 55 per cent of the recommendations that had not yet been implemented. Three of them were more recent reports and significant progress had been made to implement the related recommendations, but there was some work remaining to fully address those. I did go through the list with the committee before this meeting and it's clearly outlined in the report so I'm not going to read it out here.

* (19:10)

We did change our process in 2012, and we indicated that we'd no longer be providing updates for any of the recommendations listed in this particular follow-up report. And we base that on the progress that has been made to date to address our recommendations, the scrutiny of our reports by this committee to date and as they will take place tonight, and we thought that we needed to take a different approach. With limited resources we decided our time was better spent selecting new audit areas rather than continuing to monitor these. But we most certainly would expect departments to continue to implement those recommendations. We're not suggesting that that should stop, but just that we wouldn't be watching it as closely.

We also would encourage the Public Accounts Committee to take that into account and possibly even ask for action plans where they're seeing some remaining recommendations that have not yet been addressed.

Mr. Chairperson: Thank you, Auditor General Bellringer, and I also would like to welcome our Deputy Auditor General, Mr. Ricard, again, this evening. And do you have other staff, other support team with you, that—

Ms. Bellringer: Mr. Chair, there are so many staff here tonight. I'm not even sure where to start.

So, yes, you mentioned Deputy Auditor General Norm Ricard—is sitting here beside me—and he was the principal author of the report that will follow. And on the follow-up, Phil Torchia is sitting right behind me, and he is the principal who does the mechanics of the entire follow-up process and was responsible for this March 2011 report. And the next two folks sitting next to him have to do with the next one, so we'll save that till later.

Mr. Chairperson: Thank you very much for your opening comments then in regards to these sections.

And I would ask the deputy minister if she may have any opening remarks that she'd like to make as well, and perhaps introduce any of her support that they may have with her as well.

Ms. Joy Cramer (Deputy Minister of Housing and Community Development): Thank you for this evening, for an opportunity for me to speak with you this evening.

First I'd like to introduce my staff that are here with me: Darrell Jones, he's a CEO of Manitoba Housing and Renewal Corporation; and Mala Sachdeva, who's our chief financial officer for the Housing and Community Development.

So first I'd like to provide to you a brief overview of the programs which were subject to the OAG reports, and then I will recap where we are with respect to the implementation of the outstanding recommendations—as it was noted earlier, chapters 14 and 15 of the OAG's report of March 2011 follow-up report.

So just to go over who we are, public housing is a provision of social and affordable housing for low to modern income households throughout Manitoba. Manitoba Housing has responsibility to support over 35,000 housing units across the province targeted primarily at families, seniors and people with disabilities.

Over 80,000 people reside in this type of accommodation. Of these 35,000 units approximately 17,600 are owned by Manitoba Housing. Thirteen thousand of those are directly managed by us and another 4,500 are managed by non-profits and co-operatives. The remaining 17,400 are owned and operated by non-profit and co-operatives, and we have funding arrangements with these groups.

With respect to our direct-managed housing units, Manitoba Housing has full property management responsibility, and this entails tenant services, security, rent collection, food services, capital improvements to the buildings, caretaking and, lastly, general maintenance.

The areas of capital improvements and maintenance are focused on the rejuvenation and repair of the physical asset, and this aspect of our operation entails procurement and the utilization of external contractors. Manitoba Housing has an annual maintenance budget of approximately \$27 million. Just as a comment, our actual average spending on maintenance is about \$33 million per

year, and we have also been able to tap in recently into the federal and internal cash resources to augment our maintenance activity. So I'm—that's just a short recap of Manitoba Housing.

I'd like you now to return to your chapter 14. And with respect to the implementation of the Auditor General's past audit recommendations, of the 2002 value-for-money audit of the public housing program and all the recommendations have been addressed except for one, which in progress, and I'll get to that a little bit later.

On the 2002 report investigation of the maintenance branch of the Manitoba Housing Authority, four of the remaining recommendations cannot be fully implemented until we implement a new enterprise resource planning system to replace our existing information system. The department has initiated the process of implementing what we call a ERP, which is the enterprise resource planning system, so I'm going to speak to those as well.

So, in terms of an update on the specific recommendations, if you want to turn to section 14, it's page 63 of the March report, and I'll go straight to recommendation 5, which is now fully implemented. And the department has implemented a regular, annual reporting process to Treasury Board of the estimated expenditure required to renew the housing stock in its five-year capital plan.

For recommendation No. 9, it is implemented and between 2007 and 2011, fire safety plans were prepared or updated for all the required 313 buildings of Manitoba Housing properties which are both direct and sponsor managed.

Recommendation 10 is in progress. Regions within Manitoba Housing are updating annually fire safety plans, and we have commenced the process of establishing a quality assurance function that includes active monitoring and review to ensure fire safety plans are updated, as I said, on an annual basis for all changes that may impact the plan.

Recommendation No. 11, which is on page 64, is also implemented. We offer regular training to our property services staff about fire training. We make training available to staff of our sponsor managers. Also, in the sponsor handbook includes guidelines and procedures for fire safety.

I hope that made sense.

We addressed recommendation 22 by implementing the following procedures. Our

eligibility list—lists, I'm sorry—are automatically updated by our tenant management system, as new applicants are entered in the system and units are offered to the applicants. So every time we get a new applicant it goes into the system, and as soon as we provide an applicant with a unit, they come out of the system so that's—so it's a ongoing time. It's like a daily thing so that's actually pretty important in terms of our lists.

If applicants are on the eligibility list for a year, our employees send them a form to update their personal information to confirm that they are still interested in housing. District managers also run regular reports to monitor updates, and we have a quality assurance team that audits the eligibility lists to ensure that they are being updated.

For recommendation 31 as noted in the report, was implemented. The quality assurance team regularly reviews and reports on arrears quarterly. As well, a collection officer works with the regional director and property manager to improve collection practices.

For recommendation 32, this is also implemented. The sponsor handbook was updated and provided to all the sponsor groups in January, 2011, and it is now also accessible to our sponsors through our website. So that concludes that, chapter 14.

If you'll turn your attention to page 65, section 15, recommendation 1, if you'll note, is the same as recommendation 5 in the 2002 report and, as I noted earlier, that's also implemented.

Recommendation 8 was implemented at the time of the Auditor General's follow-up.

Senior management and regional management hold regular staff meetings and communication has significantly improved since the OAG's review in 2004 with the implementation of the regional operations model. Property managers, maintenance services and tenant support services are now allocated to the seven different regions and oversight provided by regional directors. And the senior management of Housing and Community Development go out on a regular basis, myself included, and we go to all the areas. And we provide staff meetings so that staff from the ground level up have access to senior management within Manitoba Housing.

Recommendation No. 11 to No. 15 on page 66 cannot be fully implemented until we implement, as I said earlier, a new ERP system—process, sorry. However, there have been significant changes in the organization structure and processes since 2004 that have resulted in improvements. For example, we've developed a procurement services branch that is now responsible for procurement of capital goods and services for all Manitoba Housing and Renewal Corporation-owned properties. Our procurement branch is also implementing standing service agreements for operational goods and services where practical, and also our procurement branch will be expanding its role to provide best practices for purchasing operational goods and services, monitoring operational purchases and ensuring compliance with corporate policies and procedures.

* (19:20)

We've also regionalized property services, where local regional directors and district managers have direct oversight over all activities performed by our maintenance co-ordinators, including purchasing activity. For recommendation 21, it will be implemented once we implement the one outstanding recommendation from the 2002 report.

And that's my opening comments. Thank you.

Mr. Chairperson: Thank you very much, Ms. Cramer, for those comments, and before we get into questions, I'd like to remind members that questions of an administrative nature are placed to the deputy minister, and that anything that comes close to a policy question may be entertained and are often, you know—probably won't be entertained—better left to another forum, such as Estimates, perhaps. However, if there's a question that borders on policy and the minister'd like to answer that, we'd welcome her input into those as well.

And want to remind everyone to put their questions through the chair and turn your cellphones off, if I could. I didn't say that at the last meeting quite as clearly and I almost got caught getting the curling score myself. But anyway, with that, I'd open the floor to questions.

Ms. Erna Braun (Rossmere): You were indicating that training for fire safety has been put in place. Perhaps you can give us an idea of what that might look like and how often does it take place.

Floor Comment: Okay, the fire safety training for staff—[interjection] Sorry, Chair.

Mr. Chairperson: Yes, I'll remind them to put the questions through the chair. Thank you, and Ms. Cramer.

Ms. Cramer: Okay, thank you, Mr. Chair. Our training is ongoing. In terms of when people are hired, they automatically go through the fire safety training program, so it's an ongoing process. Does that fully answer your question? Okay.

Mrs. Leanne Rowat (Riding Mountain): My question would be for Ms. Cramer. My question is with regard to the fire training. I'm wanting to know if she can confirm that every facility manager has received this training.

Floor Comment: Yes. Every—

Mr. Chairperson: Ms. Cramer.

Ms. Cramer: Sorry, Mr. Chair. Okay. I'll get the hang of it. I think it took two questions last year, too, so—

Yes, once they're hired, they're trained for the fire safety planning. In fact, they need to be trained, even the existing staff, because they're the ones who manage the fire safety boxes that are located at the buildings. Because inside that box, they have to be able to do the logs in terms of the monthly checks, and so on and so forth, so they need to do that. The district managers are accountable to ensure that that happens. Plus we have a quality assurance process, as I indicated earlier, that we're implementing to make sure that it's being done.

Mrs. Rowat: So part of that process would be having fire drills, ensuring that if there's a six-level unit, that everybody on each floor is aware of their responsibilities and roles. Can you outline what exactly an individual would be trained and responsible for?

Ms. Cramer: All property services staff who need fire safety training are provided it at least once a year. And that the sponsor handbook includes procedures for fire safety management. Also with respect to tenants, the tenant handbook includes material on fire safety prevention. Fire drills are also held regularly anywhere from every two to six months as required by the fire code. For the associated buildings, there is a log in the fire safety plans for conducting and recording the fire drills, and that is in that fire safety box. I don't have one handy, but it's a big white box and inside there is a binder and so on that has information on how the

superintendent, or whoever's conducting that, fills it out and so on. And that's what we check.

Mrs. Rowat: Okay, thank you for that information. I guess, so now I have to ask for clarification.

Townview Manor in Minnedosa actually recently had a fire alarm go off. It would—apparently was a false alarm. Nobody knew what the process would be. There has been no tenant handbooks provided. The individual who is managing the unit came out of her unit in her slippers and said: It's a false alarm; go back to your suites.

I don't think that's what you would call training.

So, I am—I'm a little bit concerned about quality assurance on that specific situation. So, I'm—I guess I'm a little suspect to the types of training individuals have received going forward. And I really would like to know how you are, you know, determining who has received this type of training and if the residences have been made aware of a handbook, et cetera. This location, they have not had a drill either, so—

Ms. Cramer: Okay, I can't specifically answer that question. But I would say that if there was a false alarm that that would have been reported up within—in terms of that building superintendent obviously lives there, is what you're—what's being indicated to me. So from my response, I will say that I will follow up and I will provide, in writing to you, what occurred.

However, I do need to say that we do provide training, and that all our superintendents are supposed to be trained all the time, like, as soon as they're hired, and all of them have gone through this fire safety plan. And, just by virtue of you saying that location, I do know that it's occurred. Like, there's only—I know that. So I'm concerned about what the information you are receiving and the information I am receiving. So I certainly will follow up with that.

Mrs. Rowat: And specifically, if the auditor has identified this as a weakness, and when this has come forward, there are individuals in the six-floor unit that cannot leave the building without supports. So if something is not in place to ensure that residents can leave the building, then I would be very concerned that somebody's not stuck on the 6th floor who does not have accessibility outside of—to—or to leave the building. So, I would appreciate a follow-up on this, and look forward to her ensuring that the building does have some type of procedures in place.

Ms. Cramer: Just in terms of information, the fire safety plan is located in the building, and in that—and all the fire service providers know where they—those are, and they have keys and accessibility to those. In that box includes who lives there in terms of who needs and has accessibility problems. So that's kept there, and that's reviewed on an annual basis. So unless there's a change in residency, then that's when that would get changed. So I'll for sure look into that in terms of—well the accessibility, because that's where that information is kept, but I'll look into whether or not there's been any fire drills or—and so on and how that's carried out at that location.

Mrs. Rowat: Can somebody share with me a background on the internal audit process that was being completed on recommendation 10 on safety plans. Who led that audit, and who were members of that audit process?

Ms. Cramer: Oh, in terms of—oh the—I thought you were asking—sorry. We have a team now that has been in place, and in terms of the audit piece we have the regional directors of each of the regions who answer—who oversee that piece of it. We also have, like I said, a team. I'm just going to look for my—it's a six-person team and what they do is they make sure that all the certifications are completed and the safety plans are completed. We've instigated—instituted a process to make sure that the quality assurance aspect is being delivered as well, and so we're in the middle of implementing that piece of it.

Mrs. Rowat: Could you indicate to me who these—name the individuals for me, who the regional directors are and who are on the team?

Mr. Chairperson: I know we need to ask our questions and try to keep them to the report as well, but if you could supply us with those names?

* (19:30)

Ms. Cramer: Yes, they're going to get the names of the regional directors, if we have them. But I can tell you that the manager is Mike Burrows, and he's the manager of the fire safety team, and it's him and his staff that oversee the certification process, the fire safety planning process, and it's the people that live in the building or work for that building. So, under the property services and the maintenance people are the ones that update the fire safety plans, that are in those boxes that I was referring to. And the regional directors of those areas oversee the maintenance coordinators and the building property managers and

the building superintendents. So they're the ones who oversee that piece of it.

Mike Burrows deals with a team that's central, that goes and deals with all the fire safety plans for our 313 buildings. So we've created something that actually didn't exist in the past, which is our fire safety team. I'm calling it the wrong name.

Okay, our regional directors: Selkirk region is Brenda Johnson; regional director for Brandon region is Terry Tegg; regional director for Winnipeg South region is Sherry Dombrosky; regional director for Winnipeg Central Park region is Deborah Winsor; regional director for Winnipeg Gilbert Park region is John Snezyk; and regional director for Winnipeg Lord Selkirk Park region is vacant. So. Those are our regional directors.

I could go over it. So the regional directors oversee the maintenance and the property managers, who oversee the building superintendents, and they're the ones who carry out the logging, the fire drills and so on. They're the ones that also get trained in the fire safety plans.

And then Mike Burrows' team, which is a centralized team, that is responsible for ensuring that the inspections and the fire safety plans are done within the time frames that they're supposed to be done, does that centrally for the 313 buildings that we have that require those—that processes.

Mrs. Rowat: Okay, one more question with regard to that: the vacancy position or the vacant position. How long has it been vacant and what are the—what's the plans on filling that? Obviously it's an important role.

Floor Comment: I was wondering why it said vacant, it's—

Mr. Chairperson: Sorry, Ms. Cramer. It only took you a couple of questions. It's taken me three meetings.

Ms. Cramer: I'm sorry. I—That's why I sounded odd when I said vacant because it's Karl Jeanson, and he's been a long-term employee of Manitoba Housing. So it's not vacant. Sorry.

Mr. Chairperson: Thank you for that clarification then.

Mrs. Rowat: Okay, the maintenance branch, I think point 15 or section 15 of the auditor's report. There was, you know, I guess anybody that, in this room, I guess, at this table, would realize that the housing

stock within Manitoba Housing Authority does have some challenges. Some of the stock is fairly old.

And I would like to ask what the current condition of the housing stock is based on, you know, the assessment that has been done by the department?

Ms. Cramer: Okay, we've done a capital assessment where we say that within 10 year—within a 10-year period, we need a capital investment of approximately \$700 million. And I'd like to say that we provided that. We identified that in 2009, that we needed a—we had a requirement of \$700 million of capital investment to renew the condition of the existing housing stock.

So, from 2009-10 to 2011-12, sufficient spending authority was granted to us and we undertook \$170 million worth of activity under our, what we call, our modernization and improvement program, which is our capital program. And that's—we did that towards renewing our housing stock and we plan to continue to address the needed improvements at a rate of \$70 million per year.

Mrs. Rowat: So what is the current funding requirement for Manitoba Housing? So what is the current?

Floor Comment: So we ask for about—

Mr. Chairperson: Ms. Cramer.

Ms. Cramer: We ask for about \$70 million. That's what we're suggesting in our capital plan that we need for the capital. So when I say capital, I mean, you know, fixing the roofs, going in and doing the floors and so on and so—like real, serious capital investment. So, \$70 million a year.

Mrs. Rowat: In 2011 and '12, there was a budget of \$86.3 million that was allocated for maintenance. Can you indicate to me whether that allocation has been spent or have you underspent or overspent, or—

Ms. Cramer: Spent is a word I need to clarify, commit and spend. So we may have committed all that money, but we may not have spent it all because the bills haven't finished coming in or we haven't completed the project because many of our projects take a couple of years to fully spend all the allocation.

So, for example, Gilbert Park took a long time to complete. Lord Selkirk Park, we've just finished, and we started that well over two years ago. Blake

Gardens, we're in the process of spending multiple and tens of millions—*[interjection]* Oh, thank you.

So, for example, in 2011-12, our actual expenditure in terms of cash going out the door was \$62 million versus our budget, which was 86 because we still need to pay some bills; we haven't finished some of the projects; we don't go year to year. So when we start a project it may take 18 months, so we'll lapse our—not lapse, but our budget will go into an 18-month mode as opposed to an annual fiscal year mode.

Mrs. Rowat: So there's no challenge or issue that if you don't spend the 86.3, that that money is not put back into general revenue and then you then create a new budget for the new year. Are you—

Floor Comment: No, you can't because if we do—

Mr. Chairperson: Ms. Cramer.

Ms. Cramer: So sorry.

If we do a project that's \$25 million and we get allocated the ability to spend that money, then it's in the books. So if we only spend \$15 million of it this year, we need to be able to access that authority to spend the remaining because we've contracted and we've done an RFP for a huge project. We are provided with loan act authority in order for us to do that.

Mrs. Rowat: Are there risks associated with deferring major repairs being assessed and addressed on an ongoing basis? How do you do that? Like, what is the process that you follow?

Ms. Cramer: It's—you're right, it's a challenge. We have a five-year capital plan, and we do annual inspections on our units to ensure safe and clean. We also do three-year building inspections, capital inspections to make sure that our capital plan is up-to-date. We have to prioritize our capital work to make sure that we're addressing the most priority-needed buildings and so on.

So it's a challenge. I mean, you—we were working within a budget. We also—within that budget is a capacity ability. So if we were given \$200 million, we don't have the capacity to spend that because we don't have the staff it takes. You have to watch the money, so you need staff to do that. So we're at a full capacity to roll out about a \$70-million capital plan annually.

Mrs. Rowat: What is the current ratio of units that were built in the late 1960s and '70s compared to the overall stock?

Floor Comment: Well, if we were to look at that, most part of it was—

Mr. Chairperson: Oh. Ms. Cramer, pardon me.

Ms. Cramer: Sorry. Most of the housing was built in the '60s and '70s, and about 83 per cent of our housing was built during that time frame, and, in fact, about 80 per cent was built before 1980.

Mrs. Rowat: I'd like to ask a question of Ms. Bellringer. In your introduction, or in your statement, you indicated that you would not be, you know, going back to reviewing this file, but that you'd be doing it—creating a different approach and encouraged this committee to look at action plans. Can you be more specific to that directive? As the opposition critic for housing I'm very interested in knowing what exactly you mean by that because I'd love to work with you in ensuring that, moving forward, you know, the outstanding issues and challenges with these reports are addressed.

Ms. Bellringer: I'm seeing two parts to the question. I mean, one in terms of what will we be doing. And, as we do different things and with that different approach, we would still be selecting new areas, if you will, for audit, and some of those new areas may encompass things that were included in some of these previous audits. So, you know, that's an exercise we go through every year to put our audit plan together. So we'll take that into account when we put next year's audit plan together, and housing may very well fall within that as may some of these others.

* (19:40)

In terms of the action plan, it probably gets into—and not probably—it definitely gets into one of the discussions that this committee has been having now for a couple of years and it would be good to see that progress a little faster, which would be having the ability to make your own recommendations. It's a—when we got into the discussion and did the orientation on the activities of the Public Accounts Committee that was something that is done in other jurisdictions. It's when—if the committee were to—the committee here has asked in the past on one-off—in situations for the action plan or, you know, a status update from departments, but less so as a regular request. It is, in certain jurisdictions, seen as a very automatic thing coming out of the Public Accounts

Committee, not out of the audit office where the committee would ask at the issuance of each report how is the department planning to address all of these various recommendations: what—who's responsible for it, what's the timeline, that kind of thing in an action plan.

So there are several options as to how the committee may proceed with that. It would potentially take a rule change to allow that to be a formal request. In the meantime, it's been done informally, and certainly I've never seen a department reluctant to provide it. So it can be anywhere from a status report through to a much more comprehensive action plan. Some of that'll depend on the complexity of the audit. This one's—this particular audit is, both of them are quite old, and so I don't know that—I wouldn't actually suggest that it would be something that would really fit with that—with this report. Some of the more recent ones that have a number of outstanding recommendations, if you have the action plan you can then go through that and select from it things you may be more interested to follow up.

Mr. Chairperson: Facetiously, I'll say what a novel idea.

Ms. Rowat, do you have a few more—couple of other questions as well?

Mrs. Rowat: Thank you, Mr. Chair. I'm going to wrap. But I do want to thank the deputy for sharing the information that she has. I'm new to the critic area, so there's a number of questions that I have and I apologize; I was supposed to meet with the department yesterday and I had to attend to something in the constituency. So I will have several more questions specific to the department and its—and how it addresses public housing in the constituency.

I want to thank you for your diligence, Madam Auditor General, in your diligence in making sure that they do comply and are working in the best interests of Manitobans in this area, so thank you.

Mr. Chairperson: Mr. Helwer do you have a question? Okay, Mr. Jha.

Mr. Bidhu Jha (Radisson): On this, you know, section 14 on the safety, as I understand that the meetings between the tenants is an ongoing process for safety. The question is: Are those meetings still continuing, and (b) what do the outcome and how are we doing there in terms of tenants' reaction and our answer to that?

Ms. Cramer: We have ongoing safety training for our staff and our tenants, and I'd indicated that with respect to the tenants, the tenant handbook also includes material on safety prevention measures and general building procedures and fire drills are held regularly, so everything is ongoing. Also, just to clarify at this time, too, we have a fire, life and safety manager, as I referred to him earlier: Mike Burrows. I just want to clarify that's his title, and he manages a team of six, and they're also responsible for making sure that the regional directors are carrying out their responsibilities around the training and the fire drills and the logging of them in the—I keep calling it the white, little box.

Mr. Jha: Are the tenants participating with enthusiasm or participating really well with positive thinking to solve these problems?

Ms. Cramer: Our team, our staff, do attend property service meetings with tenant groups, and they've assisted in the fire drills and the fire prevention awareness talks, and that is ongoing and done on a regular basis as per that's their job.

An Honourable Member: Thank you.

Ms. Cramer: You're welcome.

Mr. Reg Helwer (Brandon West): Through you to Ms. Cramer, Mr. Chair. The program that you've put in place here, was this created internally for the training? Did you have to hire outside consultants to do so, and who trains the trainers?

Ms. Cramer: When we started this process, we really didn't have a lot of resources in—within Manitoba Housing, so at the beginning we did contract out almost all the work so that it would get done. But then we also started to develop the capacity within Manitoba Housing, particularly Mike Burrows and another fellow who's just—he's near retirement now, and those fellows took on the role of developing the capacity and working with—and I don't have the name of the contractor. But he's—that contracting company is one of the top in Manitoba in terms of doing the fire inspections and making sure that the initial fire safety plans were all developed so that they met code. We met with the Fire Commissioner to make sure that we were doing things properly, and so forth because, I mean, obviously, the report speaks for itself.

We did have problems in that area, so we took a lot of effort and time and we focused on making sure we had a team, and that's something that's new to

Manitoba Housing; it's a six-member team. It's centralized and it reports to the chief operating officer. So that's part of the new organization structure that we implemented as well.

So, now, what we have is a team, plus we still use the contractor to go out and do the certification of our buildings. And that—they—we work with the fire codes and the commissioner. The—they have to approve it and sign off on the certificates and so on.

Mr. Helwer: I guess in later reference there's a reference to the tendering process, and was that process tendered or did it have an RFP, and did you do that for an ongoing process with the gentlemen that—or the firm that is continued to be hired here? Do you go through an RFP every year for that, or is it an ongoing contract?

Floor Comment: So, we have—I could double-check, but we would have a standing service agreement. Sorry, Mr. Chair.

Mr. Chairperson: Ms. Cramer, sorry.

Ms. Cramer: We have standing service agreements. Through our reorganization that's occurred over the course of four years, we created a procurement branch, and that procurement branch is responsible for ensuring that we provide proper RFP processes and so forth. And they also are responsible to ensure that we have standing service agreements for activities that we have to do on a regular basis, so that—mind you, they would be renewed over a certain period of time, even though they are standing service agreements. So I'm not sure what the term of that agreement would be. It could be three years, it could be annual, it could be five years or so on.

Mr. Helwer: And you're comfortable with the firm, obviously. Do you check their credentials to make sure that they're all up to—I mean, somewhere down the road someone has to train these people to get there and the—their proper engineer or whatever you need for this particular thing.

Ms. Cramer: We've also instituted a contract review committee, and that committee is made up of our senior executives within Manitoba Housing, capital asset, which includes our own engineers and so on. And they are the ones that review all the contracts that go out for Manitoba Housing through the RFP process, or have or— and they also look at the quality assurance aspect of it in terms of whether we're getting value for money in terms of our service, the service that we're being provided.

With respect, specifically, to the fire safety and the fire inspection piece of it, it's a very specific and technical industry. And so I'll—we—when we first started, I know that we had to bring in a company from Ontario at the beginning because we were under—we put ourselves under a very tight timeline so we were under our own pressure to get this done quickly. So we brought in folks from Ontario just so that we could do it quickly because we hadn't updated our fire safety plans for a while. But we use a company now here.

Mr. Helwer: Through you, Mr. Chair, I guess I should be saying that. I'm learning as well.

* (19:50)

So, when municipal fire inspectors come into your facilities—and I assume they do, because they do everywhere else in the province—what types of things have they find to correct, or is it pretty much, do you find that you're happy with your program, your planning, your training, that it meets most of those needs and the fire inspectors find little or they find a lot?

Ms. Cramer: So, there's a couple of processes that occur. So, for example, if we're doing a deep renovation to a building, then our certificate may expire but that's because we're changing a lot of the insides of the buildings, and so the—so we will probably jointly or separately inspect it and make sure that we're meeting all the new fire codes and so on. So they may come and tell us, oh yeah, don't forget, you know you need to do this or make sure that this is done this way, and so we'll work together. But once they leave, we need to make sure that we've met all the requirements and then we get a proper certification for the building. And then sometimes when we're in the process of doing even minor renovations, the same process will occur.

We're required to inspect annually, and so we do that and we do it within a 30-day time frame with when the certificate expires, and we go through that process. And usually, if there's not many changes to the buildings and there's not a lot of work that needs to be done, but if we know that we're doing renovations and stuff, we know then that we have to watch and make sure that we're following the code and that's part of, actually, our RFP process if we're making renovations. So we work in partnership with them, and with all the Fire Commissioner and all the other folks. We have to have a good relationship with them because they know they have keys to our buildings. They know how to get into our buildings

if there's an emergency and so on, and that's part of the relationship of being a property manager.

Mr. Helwer: I think just probably one more. Do you have sprinkler systems in any of the buildings? That's a whole separate inspection system as I understand, and is it your intention, as you put in new construction, that you may have seen our sprinkler systems part of that process.

Ms. Cramer: They are, if they're required. So for example, if we go in and renovate a high-rise and we have to then renovate up to current code. So if there's a building that hasn't been renovated, and it could be any building in anywhere, and if they don't renovate it, they don't have to meet today's code. But as soon as they start opening the walls, they have to meet today's code and if that requires sprinkler systems, we have to do it. And it becomes part of our budget and we have staff on—in Manitoba Housing that know immediately that we're going to have to add \$2 million to the project because we have to put in a sprinkler system. And so that's how we do our—that's it.

Mr. Chairperson: I see no further questions. Are there any other questions of Deputy Minister Cramer and the minister? Seeing no further questions, does the committee agree that we've completed consideration of chapters—

An Honourable Member: Hold your horses there, Mr. Chairman.

Mr. Chairperson: Well, I asked the question, so I—

Mr. Pedersen: Thank you for your indulgence, Mr. Chairman, your patience. We were so engrossed in the questions, we just—we're having trouble catching up here. The question is to the Auditor General. Is the follow-up on these, is that sufficient for your audit purposes? If we were to pass this report, can we ask you then to—I don't know how to formally ask it—do a review on it without a full-blown audit? Is there a system in there that we can do this? Just—and the hesitancy is if we pass this report, we just don't want it shuffled off because there are still—there is still work-in-progress happening in some of these recommendations.

Ms. Bellringer: Indeed, we can continue to have a look at it. We're already doing a review and not a full-blown audit, so it's already a fairly reduced level of review. On the budget issue—and on knowing the, in effect, you know, what's the five-year plan, we actually had seen some of that and some of the Treasury Board submission that had included some

of the detail about what the requirements would be over the next five years. Some of that had been submitted after our cut-off date last year, so I'm not particularly worried about whether or not that exists. I wouldn't want to continue following that up. If we want to look at the Estimates process and elements of it, we would do it in a different way. And on some of those others, we certainly can. You know, it's difficult to say that doing ongoing monitoring of some of the other issues is really going to add much more than what the deputies already provided to you without going in and doing more audit work. So I'm a little bit reluctant to in this case, but we certainly will go back through the report and make sure if there's an area where we weren't seeing enough action taking place that we will make sure that we take that into account when we do the next follow-up.

Mr. Pedersen: So, just for clarification then, your review will continue even if this report is passed by this committee.

Ms. Bellringer: I will do so because I'm hearing concerns from the members, and otherwise we would not have.

Mr. Chairperson: I'm hesitant—seeing no further questions, does the committee agree that we have completed the consideration of chapters 14 and 15 of the Auditor General's Report—Follow-up of Previously Issued Recommendations, dated March 2011. Is there agreement on that? *[Agreed]*

I certainly want to thank the minister and the Deputy Minister Cramer and their staff for coming forward this evening and taking time to answer the diligent questions that the members on both sides of the legislature have asked, and so thank you for being here.

Ms. Cramer: You're welcome. Thank you.

Mr. Chairperson: And we'll change venues—our seats, I guess, if we would. I'd like to call forward the Minister of Justice and the Deputy Minister of Justice as well.

Yes, so just before we begin I'd just like to clarify we've agreed that we've passed—that we've looked at and agreed that we've gone through those chapters. We still have a couple of chapters left, I think maybe just the one that we're going to look at on well water in that follow-up report. But the report hasn't been passed; we've just agreed to look at those chapters, so—and there's—yes, there's pharmacare as well, coming up as well.

So, anyway, I'd like to welcome Minister Swan, Deputy Minister Schnoor as well, here this evening and I know the Auditor General has provided us with an opening statement in regards to all of the reports that we've seen tonight, and so I would ask the Deputy Minister if he has any opening remarks.

Mr. Jeffrey Schnoor, Q.C. (Deputy Minister of Justice and Attorney General): I do, thank you. I'll just mention that with me this evening is Marianne Enns, who's the acting executive director of Court Services, and Darlene Baker, who is the director of the Maintenance Enforcement Program.

So thank you for the opportunity to speak to the committee and provide an update on Manitoba Justice's progress in responding to the Auditor General's follow-up recommendations. I'd also like to thank the office of the Auditor General for its constructive recommendations as they have provided guidance that has been valuable to the department in working towards improving services to Manitobans.

As I think most of you will be aware, the Maintenance Enforcement Program is a service of Manitoba Justice that collects court-ordered maintenance payments on behalf of divorced and separated spouses and children. It collected and disbursed over \$50 million in the 12 months ending February 29th, 2012. As reported in past years, the department has been actively working towards addressing the recommendations of the report from the OAG. I last updated this committee in 2010 and reported at that time that the outstanding recommendations were in progress and contingent on the implementation of a new information management system for the Maintenance Enforcement Program.

I further advised that the department was working on the new system and that we hoped to implement the system in 2011. I'm pleased to report to the committee that the new information system, which we call the Manitoba Maintenance Management Program or M3P, went into service on December 3rd, 2011, and, as a result, I believe we have now satisfied the eight outstanding items recommended by the office of the Auditor General. I'd like to share some of the benefits that the new M3P system provides, particularly as they related to the eight recommendations under review.

* (20:00)

MEP now has a system that automatically performs a file review to more quickly identify when

an account is in default. Data input processes have been enhanced that reduce the risk of data entry errors. M3P has a feature that quickly identifies the enforcement actions that have been taken on a file.

The most commonly used enforcement actions have been automated to reduce manual processes and streamline the work required to initiate enforcement actions in a timely manner. So, for example, support deduction notices, notices to suspend a driver's licence and notices to suspend federal licences, such as passports, are now generated automatically.

The system automatically searches for file review dates, for variable orders and other enforcement tasks, and alerts staff to action the file. M3P captures additional and improved data that can be used to develop meaningful reports as we move forward.

Although M3P is up and running now, our work will not stop there. System development is not static and further development is planned and enhancements will continue to be made. For example, enhancements are planned respecting the exchange of information between MEP and the federal Department of Justice to initiate and update federal garnishing orders and respecting the recording of information on files before the master of the Court of Queen's Bench for wilful default hearings. Additional work is also planned for developing an interface that will allow Manitoba to participate in the Canadian Centre of Justice statistics survey.

We are pleased to have completed work on the recommendations of the OAG through the implementation of M3P and look forward to its continuing development.

Mr. Chairperson: Thank you for those words of opening statement, Deputy Minister Schnoor, and I would open the floor to questions.

Mr. Kelvin Goertzen (Steinbach): Mr. Deputy Minister, Mr. Minister, good to see you again. Welcome here this evening.

I have a few questions, some of them I will defer to our Estimates process, which we'll go through I suppose in a couple of months and might be more policy or politically orientated, and I don't want to run afoul of the Chair who runs a steady hand on the committee.

The completion of the technology that's been some time in the works, do you have an estimate of

what the cost was to get to this point to have it completed?

Mr. Schnoor: Well, we would—that—the work was done over the course of multiple fiscal years. So I'd have to go back and calculate the cost that we spent on outside contractors, because that's who did the work. I'm assuming you're not wanting to include the cost of internal seconded staff who were working on the project, so your actual disbursements to outside third parties? Well, the capital cost, the approval that we had from Treasury Board was for up to \$4.638 million for capital development of the project.

Mr. Goertzen: One of the recommendations, recommendation No. 4, was regarding enforcement officers reviewing all the orders that are in default on a periodic basis. I'm assuming then, that that—from your opening statement, that that is now ongoing and that they are being reviewed. Can you indicate what a periodic basis means? How often are those orders which are in default being reviewed?

Mr. Schnoor: Well, as I indicated, the system operates, in large measure, automatically. It's not a, just an accounting system taking account of money in and money out. It's a work fulfillment and assignment system as well. So the system is programmed at appropriate intervals to tell the designated officer that an action must be taken. For example, it will note that it's reached a point of default and that there's a need to determine a source of employment income for the individual, for example. If there's a need for a support deduction notice or garnishing order, as it used to be known, to be issued, the system will simply do that automatically.

So it's hard to answer your question directly in the sense that the system itself is programmed to automatically produce reports, produce orders, produce notices to MPI to suspend driver's licences, or withhold the renewal of driver's licences and prompt the designated officers to begin particular tasks associated with collection.

Mr. Goertzen: Mr. Chair, I'd like to ask the deputy just in terms of orders that are in default, so in the aggregate, I suppose, is—the system could on a real-time basis tell you or tell officials within the department how many orders are in default at any given time. Is that correct?

Mr. Schnoor: The system has substantially more capacity to provide management information.

Honestly, our focus has been on the conversion of the data and getting through the transition period, and we've not fully explored the functionality, in terms of the specific performance reports that it's capable of producing.

We will be spending some time making decisions around which reports we'll be generating. In doing that, we're going to have to make some decisions in terms of—you know, when you say which accounts are in arrears or in delinquency. For example, we have a category of orders where we know the individual is not in Manitoba and is in fact not in a reciprocating jurisdiction, one that will work with our maintenance enforcement program. Those people are—so long as they're in those non-reciprocating jurisdictions, we can't do anything with them unless we're able to locate an asset that's here in the province or in a reciprocating jurisdiction. We'll have to make—you know, I just give that as an example of a policy decision that would have to be made in determining how we define delinquency and how we would try to get the information from the system.

Mr. Goertzen: Mr. Chair, I'd ask the deputy, then, so he indicates then that the system may have that capacity, but it's a matter of defining what it is that a default is, and then to then go about generating those reports. Is that correct, a fair summary of what you indicated?

Mr. Schnoor: I think that's a fair comment.

Mr. Goertzen: One of the recommendations from the auditor—and I commend the auditor and her staff for bringing forward those recommendations—was to develop in the—desire to go to a results-orientated perspective for maintenance enforcement, meaningful performance information and this system, as you indicate, may provide that. Can you give some more clarity about what that meaningful performance information might be on a go-forward basis?

Mr. Schnoor: I can't really do that at this point. I can say that just because we haven't spent the time yet in determining what the most appropriate measures will be, there'll certainly be a number of measures that the program is going to want to be developing in order to assess workload of staff and to assess the speed and efficiency of its efforts on behalf of its clients. Which ones those will be, we haven't reached the point yet of making those determinations.

Mr. Goertzen: Also, within the auditor's recommendation then, following on that logically, I think, was the recommendation that that information or some information be provided to the Legislative Assembly as a whole with the details about the planned and actual performance levels for key output and outcome measures. Do you have some idea of what type of information might be reported to the Legislature, in terms of the workings of maintenance enforcement, the key targets and the outcomes?

* (20:10)

Mr. Schnoor: Well, I think my last answer is also responsive to that question, with the one additional comment: that reports to the Legislative Assembly generally come in the form of the departmental annual report or takes place through the documents associated with the Estimates process. The decisions around the number, the type, the extent of performance management measures, is a decision taken at a larger cross-governmental place. And so, I don't think I'm in a position to make a specific commitment as to which reports and which measures will be made.

Mr. Goertzen: Is it fair then to say, Mr. Deputy, that that recommendation is still sort of a work-in-progress? You still want to determine what measurements the system can do, what measurements you want the system to do and then what measurements were reported to the Legislature in terms of outcomes?

Mr. Schnoor: Well, I think it's fair to say that we put in place a system that is capable of producing reports respecting performance that we were not capable of producing in the past, and that decisions will have to be made as to which ones will be extracted from the system. Those that are intended for management use, we'll be working on that. In terms of those that would be included in future annual reports for the department, that's a decision that would be taken across government.

Mr. Goertzen: Is it the view of the department, the recommendation indicated that the information that should be provided to the Assembly would include sufficient details about the actual performance levels. That is, the department accepts that recommendation, that sufficient details should be provided to the Assembly for us, as members, to be able to judge how the performance levels are being met and whether they're being met, that's—that recommendation was accepted and that's still the view of the department?

Mr. Schnoor: That recommendation was accepted and it's still the view of the department. Whether we—whether there's agreement on whether the information provided is adequate, I suppose, is something that will be dealt with in the political arena.

Mr. Goertzen: Well, there has at times been disagreement in the political arena and whether that becomes one of those issues of contention, I guess, time will tell. But it's hard to know at this point because we're not certain what reports will be made available from the new system.

There's been some discussion publicly regarding issues within Maintenance Enforcement. The most recent, and the minister comment on it was regarding getting funds from the person who is paying through a debit—a direct system from the banks and then getting it from Maintenance Enforcement into the hands of those who are the recipients. He indicated there was problems in terms of the bank.

Is any of that related to the information system that's been set up or is there anything in the new technology that will alleviate that problem that's been brought forward?

Mr. Schnoor: Well, the new system also represents a new way of doing business for the Maintenance Enforcement Program. The way the program used to operate, payors would send in cheques, actual pieces of paper to our program. Our program would receive them, note in the file that the piece of paper had been received, and then put it in the mail to the payee. The payee would receive it and then deposit it in their bank and, of course, accept the risk of the funds not—of the cheque not being honoured. That's—we're no longer operating in that fashion. Instead, payors must make their payments payable to the program. We're no longer just passing through a cheque. The payments are now payable to the program; the program receives the funds. We no longer accept cheques. We have to wait for our bank to clear that money, and then the money is sent on, hopefully in electronic form, if the payee has provided us with that information, it's deposited directly into their bank accounts. And, of course, at that point, subject to whatever rules their own bank may have, they have good money with the assurance that they don't have to worry about whether the cheque will bounce or not. So, it's really is a completely different way of doing business, and that has been prompted by the system itself.

Mr. Goertzen: I understand and, I appreciate that, Mr. Deputy. I know that there are unintended consequences, both sometimes to legislation and often to technology that comes within government. And while that is frustrating for individuals, obviously, who are on the receiving end of the payments, I think their expectation is that it simply get corrected. And I think there is an assurance that it will get corrected, and we'll have a chance to revisit that during the Estimates process, sometime in the relatively near future, to see whether or not there's been corrections on that.

One of the other concerns I've been getting from individuals regarding maintenance enforcement is the difficulty in being able to speak not only to their individual case representative, but to anybody at Maintenance Enforcement. They're getting automated voice systems and, while sometimes that can be helpful if it provides them with a broader menu of services that answers their question, often it's more frustrating if they can't find a way to get the answer that they're looking for, and the menu doesn't provide them with that opportunity to get the answer.

Is there anything in the new information system that's now up and running, as of late last year, that will provide more opportunity for individuals who are trying to contact Maintenance Enforcement to speak to an individual as opposed to an automated system?

Mr. Schnoor: Well, I guess, you know, the first thing I would say in response to that question is that it is our hope that one of the consequences of automating many of our processes will be that our designated officers will be able to spend less time on what is essentially rote work and more time on value-added work, such as responding to the inquiries that you're referring to.

We certainly have had a significant increase in the number of phone calls that have come in to the MEP line over the transition period that we're in, and we're certainly aware that that has resulted in some people not being able to get through, and we do regret that because our first priority is certainly service to our clients.

We've—in response to that, we've added additional staff. We deployed staff towards answering emails and telephone calls, and it's our hope that that, combined with individuals becoming more familiar with the new system, will result in calls coming back to a normal level and to

individuals getting through more easily and more quickly.

I'd also indicate, in terms of the system itself, that the information—almost all of the information that individuals would be able to access by speaking to somebody at the Maintenance Enforcement Program is available to them through the enhanced Maintenance Enforcement Program line which is part of the additional functionality of the new system. So, there's much more information that's available to people through the telephone line, through our MEP line, than used to be the case.

Mr. Goertzen: Mr. Chairperson, I ask the deputy whether or not there has in the past been client surveys to measure the satisfaction of those who are dealing with Maintenance Enforcement, and whether there might be some in the future to compare whether or not the new system which is now in place is improving that level of satisfaction or whether it's not making a measurable difference, from their perspective. I understand that, from those working within the system, it might have an impact—it might have a positive effect, but from the client perspective, has there been any sort of outreach in terms of determining whether or not there is satisfaction from those who are accessing Maintenance Enforcement?

Mr. Schnoor: Well, I'm advised that there was a survey done of payees, creditors, in 2005, and the outcome of that was to move towards direct debit and direct deposit, which we've done.

In terms of the larger question, we're a customer-service oriented organization, and to that extent it's obviously useful to have a sense of what our customers think. Bearing in mind that half our customers, that is to say the people from whom we're taking money, may not be particularly happy with our increased efficiency. And also bearing in mind that there's a cost associated with undertaking that sort of a survey.

* (20:20)

Mr. Goertzen: I understand that, Mr. Deputy and Mr. Chairperson.

The point was there was significant cost that was utilized to make the system come forward and now be functional. There's been significant time that's come as a result of a significant report from the Auditor General and over a number of years, and recognizing there's a cost to it, it would be

interesting to see whether or not there's been an effect. And I understand that on—like often is the case in the legal system, there's half are happy and half are not, but perhaps one could, you know, separate those out to see which side is happy and what isn't.

So, I believe that as a possible suggestion it'd be interesting to see whether or not this has had a measurable effect. I understand my—and I want to thank you again for being here this evening. I look forward to speaking you—to both of you again during the Estimates process. I understand I might have a colleague or two who also wants to ask a question. I would yield the floor to them, Mr. Chair.

Mr. Helwer: Mr. Chair, through to you to the deputy minister. Maintenance enforcement is one of the most difficult things I have to deal with in my constituency and some very compelling stories. And, obviously, there are ones that I can't share with you here, but there is one particular instance that—where—when I listened to how you describe the system, everything that happened there should have been caught and was not, and it fell between the cracks. There should have been alarm bells going off all over the place from how you've described the system, and there was two and a half months there, especially over the holiday and Christmas season, where what needed to take place did not. And especially at that time of year with young children involved, it's a very difficult time to be going through life without any money.

Phone calls were not returned. I had a lot of difficulty getting through to people. So, I think that I would encourage you to follow on Mr. Goertzen's request and suggestion and have some follow up with your clients to see how the system is meeting their needs as opposed to your needs, because, as I said, this was a very, very difficult case that took a long time to resolve.

Mr. Chairperson: I don't know if there was a question there, or is that advice for the deputy minister?

Mr. Helwer: Well, I guess the question is it should have been caught and wasn't, and, obviously, there's things that happens from time to time and you can't catch everything. But this one should have been caught at any level and wasn't, and how can that happen in your—the circumstances that you described here where there's several areas that should have found the issues in this particular case.

Mr. Schnoor: Well, I guess—

An Honourable Member: Again, I can't talk about the case, but—

Mr. Schnoor: We can't talk about specific cases, but I can say that where there are specific cases such as that, we are very much open to hearing about that and taking action to address those concerns. We're not perfect, and we're ready to hear those concerns and to learn from them, and we do the best job that we can and we think we do a very good job for the vast majority of our clients. Where we don't, I'd like to think we acknowledge that and try to do better.

Mr. Helwer: So how would you suggest I follow up on this with your department then?

Mr. Schnoor: If you send me information about the specific case we'll have a look at it. We'd also, you'll understand, we'd also need a waiver from the individual. We'd—

An Honourable Member: I understand.

Mr. Schnoor: We're able to deal directly with that individual. To provide you with information we'd need some form of waiver from that individual.

An Honourable Member: Yes, I have that. Otherwise I couldn't have called your department.

Mr. Chairperson: Yes, there was follow-up there by Mr. Helwer a little bit.

Mr. Helwer: Sorry.

Mr. Chairperson: Any further questions?

Mr. Goertzen: More of a comment, Mr. Chair. I want to thank again both the deputy and the minister for appearing. I have some concerns particularly regarding recommendation 11 and 12, those being performance information. The deputy has indicated that they're still sort of testing the capacity of the new information system and what performance information it will provide, and then in turn what performance information might be provided to the Legislative Assembly. And those are, I think, critical parts of the recommendations that were brought forward to the auditor. So, for that reason, we won't be recommending the passage of these—of the recommendations in total because of the concerns about those two issues in particular.

Mr. Chairperson: Are there any other questions? Concerns?

Okay. I take into consideration the comments just made that, as part of this chapter, is it the will of the committee to want to bring this back at some

point to deal with chapter 18, or have you had further discussion that you'd like to have follow up similar to 14 and 15 that we dealt with earlier?

Mr. Helwer: Mr. Chair, I think that while the deputy did try to answer our questions to the best of his ability, some of the questions remain unanswered and the system is still very much in a flux in how it performs. So I'm not sure that we're comfortable saying we're all good with this area right yet.

Mr. Chairperson: Okay, is it—is there a will of the committee to say that we have considered chapter 18 as part of the follow-up of previously issued recommendations, or would you—you'd like further follow up to it then? I take it you'd like further follow up.

Mr. Goertzen: Not being an official member of this committee, and those members who are are probably grateful for that, but I would prefer that we have further follow up on the particular issue of the performance measures and the reporting of those to the Legislature.

Mr. Chairperson: Okay, I believe we can have that followed up and we'll proceed then. *[interjection]*

I assumed that that's what I was looking at, Madam Clerk. We're looking at bringing this back to be discussed or to be followed up with at some future meeting as well, and we'll determine as a committee perhaps if we're going to look at doing that. And I—how does the committee wish to deal with that at this point? I mean, that's been the request that's been asked and I think it's a favourable one.

Mr. Pedersen: Well, I guess it's never assume anything in any business, but it's assumed that the committee will look at this, and with the direction from the Auditor General, when this particular information is available it'll come back for review?

Ms. Braun: Mr. Chair, I just—I guess I'm asking for clarification. What we're saying then is we're not passing this and therefore it will be coming back?

Mr. Chairperson: That's my understanding.

Ms. Braun: Then perhaps what we need to do is ask the question whether this chapter will be passed.

Mr. Chairperson: Okay. Seeing no further questions. I put the question to the committee as to whether this chapter would pass or not.

An Honourable Member: Pass.

Some Honourable Members: No.

Mr. Chairperson: Yes, just for clarification, I've been reminded that we are not passing the report. We're looking at the chapter of this report, and of course, any passing of the report would be done at a future meeting when we've dealt with the other chapters that we're not dealing with tonight. And we still have a number of chapters to deal with on education coming up here right away, and so that would certainly be taken into consideration as we, you know, before the final report was—would be passed at a future meeting.

So this was dealing with chapters, and all I'm saying is there are no further questions to be asked on this particular chapter this evening particularly, but you'd like further reporting on it as it moves forward.

Mr. Gregory Dewar (Selkirk): I think perhaps at our next steering committee meeting with yourself, the Auditor General, and the staff, we can work towards a resolution of this matter.

*(20:30)

Mr. Chairperson: Best suggestion I've heard so far. *[interjection]* Thank you, Mr. Dewar.

Okay, I thank the deputy minister and the minister for their time this evening, and for the staff members that have appeared with them, for your indulgence and for your input into the answers that have been provided this evening as well. Thank you.

So with that, I would—yes. So with that, while we're still on the follow-up report, I would call the Minister of Advanced Education and Literacy and the deputy minister as well to come forward.

Welcome, Minister Selby and Deputy Minister Farthing. As in similar presentations this evening on the follow-up report, the deputy minister—or the Auditor General has provided us with her opening comments, and so I would ask the Deputy Minister Farthing if he has some opening comments that he would like to make in regards to section 6 to 10 in regards to the Follow-up of Previously Issued Recommendations, dated March 2011. *[interjection]* And if you could—if I—sorry—any—introduce any other staff that you may have with you. Thank you.

Mr. Gerald Farthing (Deputy Minister of Advanced Education and Literacy): Yes. Pardon me? Yes.

Yes, I would like to make some opening comments and I would also like to introduce staff. We have Carlos Matias here, who is a senior

financial advisor and officer in the Council on Post-Secondary Education, and Kim Huebner, who's the executive director of the student financial assistance branch.

We need to break this into two parts because I have opening comments on sections 6, 7 and 9, 10 and then opening comments regarding section 8, because it's two different matters. So with your indulgence I'll do it that way.

So I'll start by making opening comments with regard to sections 6, 7, 9 and 10. Okay? And then we can—you can decide whether you want to ask questions then or if you want me to do the second part and then ask questions or whatever.

Mr. Chairperson: That's fine. Thank you.

Mr. Farthing: Okay. The Department of Advanced Education, through the Council on Post-Secondary Education, facilitates the co-ordination and integration of post-secondary services and facilities, reviews and approves university and college programming, develops policy and promotes fiscal responsibility and accountability in the post-secondary system, which includes universities and colleges.

As of February 2012, seven OAG audit recommendations remain outstanding of the 76 total recommendations issued. These outstanding recommendations include one outstanding item from the University of Winnipeg's financial review and Red River College of Applied Arts, Science and Technology IT audit, two outstanding items from the University of Winnipeg's investment in information technology, and three from the University College of the North's investment in technology IT audit. The following will highlight the outstanding audit recommendations and our response to address these recommendations.

First, the University of Winnipeg investment in information technology: The recommendation is that senior managers define the services and expected service levels to be provided by TSC and that TSC management communicates these service levels to users. The institutional response communicated via COPSE and myself is that the U of W has indicated that this recommendation is still a work in progress and that additional financial resources will be required to implement the recommendation.

The second recommendation is that management monitor the service levels achieved against the published service levels. The U of W has indicated

that this recommendation is still a work in progress and that additional financial resources will be required to implement the recommendation, and this is being worked on.

With regard to the University of Winnipeg financial review and the recommendation that COPSE ensure that the University of Winnipeg is operating under a balanced budget and should ensure that communication around funding and budget levels—approvals are formalized the response from the institution and the department is that, per the OAG's March 2010 report, the recommendation will be considered and implemented once the U of W sustains a surplus for two consecutive years.

The University of Winnipeg has reported a surplus of just over \$2 million for the year ending March 31st, 2011. The department will continue to monitor the U of W's progress with regards to its financial position and we will provide assistance where appropriate.

The adoption of summary budgeting by the Province will provide an improvement in the ability of COPSE to monitor the financial operations of the university, and we are reasonably optimistic that the U of W will have a surplus in its—in the second year of the two years required, but that is yet to be determined.

Moving to the University College of the North—formerly the Keewatin Community College—with regard to investment in information technology, the first recommendation to be addressed is that the IT department establish and document minimum standards and procedures for operating and supporting the technological infrastructure. The university's response is that the department—the development of its database business community or continuity process plan is ongoing. The progress is being made, but there is more work to be done.

The next recommendation is that the IT department develop a helpdesk service guidelines and identify, track and report outcome-oriented performance measures for its desk. The UCN considers this recommendation to be implemented, so this work has been completed.

The next recommendation is that management conduct a detailed evaluation of its distance education program. University College of the North has indicated that this recommendation is an action that is no longer required because there is now an

academic department outside of IT that supports and evaluates distance education on an ongoing basis.

The next recommendation is that the college, or UCN, better segregate its internal network from publicly accessible servers. UCN reports that a separate firewall be—firewall will be used to control and monitor access to the server. As well, UC—the VLAN, server VLAN—as well UCN will isolate all publicly accessible servers into a separate demilitarized zone, which strikes me as being odd terminology, but there it is. We'll assume that that means something quite benign and useful.

Moving now to Red River College of Applied Arts, Science and Technology, IT audit, the recommendation is that the disaster recovery plan and emergency procedures be updated based on the results of a comprehensive threat and risk assessment, and that a copy of the plan be stored off campus. Red River College has indicated that they will create a framework for ensuring all support information is current and available off-site, identify and document the disaster recovery scenarios, document the appropriate recovery processes for each of the scenarios, and combine all of the associated documentation into an IT disaster recovery plan.

In closing, I'd like to say that the department will continue to monitor to ensure the fulfillment and compliance of the audit recommendations. I will now pause to see if you want to ask some questions or if you want me to continue with the other part.

Mr. Chairperson: Thank you, Deputy Minister Farthing, and before we go further, I would just make reference that I thought for a moment there you were speaking about the Chamber.

The—what's the will of the—what's—I'd see it as to the will of the committee. Would you like to hear the comments of the deputy minister in regards to section 8 here as well, or would you like to ask questions on 6, 7, 9 and 10?

Mr. Wayne Ewasko (Lac du Bonnet): I think we can just continue on with the 6, 7, 9 and 10 and then come back to 8 after some questions if everybody else is okay with that.

Mr. Chairperson: Okay, we'll proceed with questions then on 6, 7, 9 and 10. The floor is open.

Mr. Ewasko: So, thank you, Ms. Bellringer and Deputy Auditor General and your staff, for all of the

work that you've put in. I guess we'll start with chapter 6.

Mr. Deputy, under the current—with the current status of the financial system, what is the current status of the financial system and has the backlog been rectified or reduced?

Floor Comment: I'm sorry. Can you ask that again?

Mr. Chairperson: Yes, could you repeat the question, Mr. Ewasko?

* (20:40)

Mr. Ewasko: I sure can. What is the current status of the financial system and has the backlog been rectified or reduced?

Mr. Farthing: Well, the financial system has not been upgraded since 1999 and it does lack many of the functions that you would expect to find in a modern financial system, including facilitating the electric fund transfers, distributed data input and modern reporting alternatives.

The problem is is that funds are not currently available to put in a replacement. Everyone knows that the system does need to be replaced, and it will be replaced but it can't be replaced until there is budget available to do that.

Mr. Ewasko: Deputy Minister, is there a contingency plan to improve the operations until the funding is in place?

Floor Comment: Yes, there is. In order to deal—

Mr. Chairperson: Deputy Minister.

Mr. Farthing: Sorry, right. I was sitting back there earlier saying I wasn't going to do that. *[interjection]* Blame the Chair.

In order to—thank you. In order to deal with the significant increase in transaction volumes as well as more significant reporting requirements, the U of W has had to add staff and utilize a shadow systems to monitor the many financial functions, including the budgetary functions. These systems are not, of course, as efficient as they would—as would be a new system, and the university is—there is still some risk involved in doing this, but there are controls in place to protect the data and to ensure accuracy with regard to the management of the data that we're talking about.

Obviously, it's not what we want to see there in the future but it is a contingency until we get something better in place.

Mr. Ewasko: So what are some of those steps that have been put into place to protect that data?

Mr. Farthing: Having into—putting in place this shadow system that I referred to earlier and also just having people monitoring the system, and being ready to correct any issues or problems that come along and address anything of that nature.

So the system needs to be closely monitored; managed, babied if you want, which isn't the—which wouldn't normally be the case. But we've got a system there, you know, which has some risk, you know, involved. And so extra attention has to be paid to it and make sure it continues to function.

Mr. Chairperson: Mr. Ewasko.

Mr. Ewasko: Thank you. Even before I asked.

So what form of recordkeeping is being used to track and change requests and subsequent results?

Floor Comment: All change—

Mr. Chairperson: Mr. Farthing. Mr. Farthing, go ahead.

Mr. Farthing: All change requests are logged in the helpdesk tracking system, along with attendant emails and authorizations. That's part of that tracking and monitoring that I was talking about earlier.

Mr. Ewasko: What recent progress has been made in the level of technological resources provided and have desired service levels been established?

Floor Comment: University—

Mr. Chairperson: Oh, yes. Mr. Farthing.

I'm getting lots of prompting now.

Mr. Farthing: The university has implemented a new student—or the university implemented a new student information system in 2008. This system provides students with increased ability to interact with the university online, including online registration.

Since the implementation of this system, improvements to it and other systems have been limited due to a lack of resources, as I just indicated. But there is a plan in place—or people are planning to, we are—the university is. We're working with them to figure out when we can put into place the new system.

Formal service levels have not been established, but calls to the service or to the helpdesk are logged,

as I mentioned earlier, and this information is reviewed weekly at IT management meetings. And again, that's part of that ongoing monitoring of the system that is in place.

Mr. Ewasko: The levels of calls that you mentioned, do you have numbers on how many calls are being sent into the system and how many are being serviced?

Mr. Farthing: I'm sorry. I don't have data like that.

Mr. Ewasko: Okay. With that being said, can a current definition of expected service levels be provided, and how has such information been communicated to the users?

Mr. Farthing: Well, all service requests are addressed, as I tried to indicate earlier, on a best-efforts basis, on a sort of as-needed basis. What is being worked on are the service levels that one would want to have there in the future. Those are not in place at the moment, not in a formal way at least. That would be part of the future system. And that's a reasonable, of course, expectation, that any future system would have a service level of expectations that are transparent and known to everyone.

Mr. Ewasko: What improvements have been made to facilitate help for users seeking to access the provided services?

Mr. Farthing: The skill level of the helpdesk staff has been enhanced to enable them to more adequately and properly deal with requests and deal with those requests in an efficient way. They've been trained and—to resolve client issues at the first point of contact whenever possible and encouraged, of course, to do that. What we're involved—what's involved here is a continuous—not only a continuous monitoring process, but a continuous improvement process. Obviously, as the helpdesk staff deal with more and more of these issues, the better they're going to get at it.

The helpdesk software has been upgraded, which will also help provide better service to the clients. All of this, again, is not a substitute for putting something better in place in the future, but it's meant to have the system work as good as it can and serve the students while it's there. And we're—and that's what's happening at the moment. Obviously, when we have a new system, or when there is a new system, there'll be even better service, but students are still getting the services they need even if it's not as efficient as it could be and will be in the future.

Mr. Ewasko: Okay. I'm going to move on to chapter 7 unless there's other questions for chapter 6.

Mr. Chairperson: No, proceed—Oh, Mr. Friesen.

Mr. Cameron Friesen (Morden-Winkler): My question's also for the deputy minister. My thanks for the deputy minister and for the minister for appearing today at PAC and also for the Auditor General and her staff for being here as well.

The deputy minister mentioned that there was a provision to add additional staff as part of the contingency plan. I wonder if the deputy minister could provide numbers to indicate how many staff were added in order to accommodate this.

Mr. Farthing: Did I say additional staff or did I say we would be enhancing the capacity of existing staff?

Mr. Friesen: I heard the comment: added staff. I could have been mistaken. There was a mention of a shadow system, and I thought the statement was made that there was staff added.

Mr. Farthing: Well, if I did say that, let me correct it. There is a shadow system but it will be monitored and managed by existing staff. If I said additional staff, I misspoke.

Mr. Friesen: So to clarify, my question would be to the deputy minister. So positions have not had to be added in order to accommodate these contingencies? There has been no outside contracts that have had to be awarded?

Mr. Farthing: Not that I'm aware of.

Mr. Friesen: My question is for the deputy minister: Would there—just further to the controls in place in order to secure the data in the meantime, is there is a way to qualify what kinds of expenses would be—would appear here for things like firewalling?

Mr. Farthing: Yes, there would be. I don't have those numbers with me, but there would be a way of doing that. You can cost anything really. I would have to come back with that information. But there's obviously a cost to putting into place firewalls, to, you know, enhancing the capacity of staff which means some additional training and so on. But I don't have those cost figures with me.

* (20:50)

Mr. Friesen: I recognize that the deputy minister provided the information that the system itself hasn't

been renewed since 1999, and there isn't the sufficient monies at this time to do it.

I'm just trying to get another standing of the ongoing operating costs to attend to the insufficiencies in the system, as opposed to the cost that would be required to migrate to a more efficient and modern system to better serve students and the university systems itself. I know it's a difficult question and perhaps one that would be difficult to answer today, but could the deputy minister give an indication of how those amounts would measure against each other?

Mr. Farthing: Well, if experience in other areas has—is—can inform my assessment, I would say that it would be much more costly to migrate to a new system than to maintain the existing one, even with the enhancements that I talked about. I don't think there's probably very much doubt about that. But the increased costs of going to a new system, of course, would have to be reflected in the increase in service that would be provided and the increased efficiency of providing that service. But I don't doubt that it would be somewhat more costly to move to a new system than to maintain the old one.

Of course, what another part of the calculation has to be, has to be about the risk involved. If you've got a—you might be able to maintain an old system, but at high risk. And over time, as it gets older, the risk gets greater, and at some point you're—you're justify—it's justifiable to spend the money to go to a new system, not only to be able to provide better service, which we're always trying to do, but also to address the risk in maintaining the existing system.

I'm not sure where those crossover lines are right now, but you can be assured they exist.

Mr. Friesen: Another question for the deputy minister pertaining to the same subject: Has there been any attempt to catalogue significant breaches of security within the system?

Mr. Farthing: I don't know if cataloguing is the right word or not, but I'm sure that whenever there's a significant breach of the system that, well, I guess cataloguing would be the right word—that that would be noted in catalogue. Everyone is very sensitive to that. We are very sensitive to maintaining the privacy of the students in our institutions, in fact, the privacy of everyone in our institutions. That is foremost in our minds all the time.

And so any known breach of the system would certainly be noted in catalogue. I don't—I haven't

heard that there have been any significant breaches or any breaches at all to the system, so my assumption is is that there hasn't been. But I can tell you that there would be a lot of concern if there—if that were to happen.

Mr. Friesen: This could be a dangerous question to ask, but has there been any attempt to poll users for satisfaction on the system that's currently in place, or to judge the level of dissatisfaction?

Mr. Farthing: I don't believe that there has been a survey of users to determine the level of satisfaction, but certainly what there has been is a—as a monitoring of the kind of service that's needed and the extent to which that has been provided. So it's more of a self-assessment than it is a polled assessment of clients and users. There's probably some good reason or merit, I should say, in doing what you're suggesting. That's another way of trying to keep track of how well we're doing. But to date, it's been more of a self-assessment and that, of course, is ongoing.

Mr. Friesen: My final question for the deputy minister would be that I noted that the Auditor General's report had flagged a high turnover in computer programming staff. I know that was some time ago. I think it's a question best directed for the deputy minister, but has that situation been resolved and has the staffing level stabilized?

Mr. Farthing: That I don't know. I would have to check with the institution to see whether or not that problem's been addressed.

Mr. Chairperson: Seeing no more questions for that area, we can move on to further questions.

Mr. Ewasko: Mr. Deputy Minister, I believe you alluded to it in your opening, but can you comment on the current financial position of the university?

Mr. Farthing: I can. I'm not sure if this is the place to do it, talking about the audit report. I would need some direction, I think, from the Chair.

Mr. Chairperson: Yes, we need to stick as closely as we can to the recommendations that are made by the Auditor General, and so I think we need to perhaps rephrase the question, if we could, in some manner. It's to deal with operating. I'll be fairly lenient in regards to the fact that we're dealing with the operating of the university but perhaps that could be—you could rephrase your question.

Mr. Ewasko: So then I'll try to rephrase that. Because we're—what is in question right now is the

financial review, can you comment in regards to the U of W's current budget: Is it on track to balance or is it facing another deficit?

Mr. Farthing: Yes, it is, in fact—this is going to sound perhaps a little contradictory, but it is on track to balance but the budget is—they are facing some budgetary difficulties. And they have identified some challenges in the future, and we're working with them with respect to those challenges. This year they are on budget to actually have a small surplus, but the challenge is going to be in future years. And we're in active discussions with the U of W with respect to those challenges.

We are all focused on this institution and all of the institutions, actually, having a balanced budget each and every year. That's the objective. We clearly have some challenges in terms of making that happen but we're working on them.

Mr. Ewasko: Thank you, Deputy Minister.

Can you, for the—let us know, in how many consecutive years or what has the past few years been for the financial wears of the university? So how has it come out in the last few years as opposed to this year? Have we been in deficit the last few years or—?

Mr. Farthing: There were a couple of years in which, because they were dealing with some difficult—some pension issues, actually, where they ended up with a year-end deficit. We're not in that situation at the moment, and our challenge is to work with them, and their challenge—actually, our challenge, theirs and ours—is to make sure we don't end up in that situation again.

But there were two years, the two years prior to the last year, where they didn't budget for a deficit but they ended up in that situation. Of course, I'm not—you know, I'll tell you that that concerns us. We don't like to see that happen and so we're going to work hard to try to make sure it doesn't happen in the future. But they, like all of us, face some budgetary challenges, yes.

Mr. Chairperson: As Chair, I'm going to ask for the indulgence of the committee to advise me as to what their wish is. We're approaching 9, and I think there are still some questions on the table. I would recommend that we extend past 9 o'clock for a short time at least to see if we can finalize questioning of the—Minister and Deputy Minister, Auditor General, any comments in regards to this?

And we have the other report to deal with as well. What's the wish of the committee?

Ms. Braun: Is it an indefinite length of—that we're extending it, or are you suggesting a half hour perhaps?

Mr. Chairperson: I'm at your wish. I would—I could easily suggest a half an hour and then review it again if you wish—or less?

Mr. Pedersen: Half hour and we'll review.

Mr. Chairperson: Okay, if it's agreed by the committee, we'll review this again at 9:30. Thank you.

Proceed, Mr. Ewasko, please.

* (21:00)

Mr. Ewasko: Mr. Chair and committee—so that bearing, some of the information you've given with the challenges that the university is having, so then this next question might be sort of unnecessary, but I'm going to ask it anyways: Is it foreseeable to expect a surplus for two consecutive years in the near future? Do you—

Mr. Chairperson: Mr. Farthing.

Mr. Farthing: It's not guaranteed, but it's certainly possible. It would be a small surplus. That would be the objective. It'll be a challenge, but it's possible and we hope to get there.

Mr. Ewasko: President Lloyd Axworthy feels funding for the U of W is disproportionate to funding with the—with Brandon University and the University of Manitoba. Does the deputy minister or the minister feel that the University of Winnipeg receives funding proportionate to its counterparts?

Mr. Chairperson: Well, I guess I—once again going to look at the questioning. We don't have anything in here about Brandon University in this report in regards to this area, but I take—if we could reframe the question perhaps or look at it again, Mr. Ewasko.

Mr. Ewasko: Thanks Mr. Chair; Deputy Minister. So again, President Lloyd Axworthy feels funding for the U of W is disproportionate to other post-secondary institutions in the province. Do you feel that the stake that President Axworthy has is warranted?

An Honourable Member: Mr. Chair, point of order.

Point of Order

Mr. Chairperson: Mr. Dewar.

Mr. Dewar: I don't believe President Axworthy's comments—

Mr. Chairperson: Point of order. Yes.

Mr. Dewar: —are in order. I don't believe his—reports do not reference any comments made by President Axworthy, and I would ask you to rule this out of order.

Mr. Chairperson: And I think, on that, I would have to. It's—there is no—it's a hypothetical question to bring in something that might have been in the newspaper, so we—or in the media, that's not in the reports and it certainly wasn't in the Auditor General's report. So, if you want to come back to that in another way, Mr. Ewasko, I'll advise that I would take that question as being out of order.

* * *

Mr. Ewasko: Thank you, Mr. Chair, then I'll pull the question.

Are there any current or upcoming capital expenditures that might negate against obtaining a budgetary surplus within the next few years then?

Mr. Farthing: Well, there are, of course, at the U of W as there are in all of our post-secondary institutions' future capital plans. The way we deal with those is that they have to be done within a budget, and capital expenditures are made within a fiscal framework wherein the interest and principal can be paid within a budget. And that's how we will deal with the capital requests that are now on the table and that we know will be forthcoming. This is not a situation that is unique to the U of W. In fact, it's not even unique to the post-secondary sector. We have this in the K to 12 sector. We have it in Health, and so on. But the proper way to deal with capital requests is to properly budget for how the money that is spent on capital is going to be repaid. And the proper way to do that is within the operating budget—to make sure it's properly accounted for in the operating budget.

Mr. Ewasko: Okay. Mr. Chair, is the strategic plan fully developed? And has it been revised within the last few years?

Mr. Farthing: My understanding of that, I—first of all, I don't know the extent to which it's been revised in the last few years. I would have to ask about that.

Whether the strategic plan has been fully developed, the strategic plan for 2004-10 was approved by the Board of Regents in May, 2004. The plan was updated in the spring of 2010, and a draft report of the planning committee is expected in the spring. And so what—so there was a plan. It has been reviewed. It has been updated. I'm certain that will happen again. What we have to do is make sure that that is done in a thorough, complete method, you know, way, and that the plan, at any point in time, makes sense both in terms of what was done previously and what the institution wants to do in the future. And, of course, all of that happen—has to happen within a budget.

So I would say that the—in answer to your question, that, yes, there is a formal, developed strategic plan, but, of course, it is subject to periodic review and assessment and, of course, it will change as time goes on. The question is or the issue is—or the challenge, I should say, is to make sure that that happens in a very comprehensive and solid way, that it's done properly and it's done with the—in a transparent way and it's done with the participation of those who should be a party to it.

Mr. Ewasko: Mr. Chair, how often are discussions being held between COPSE and the university in terms of budgetary spending? And can any progress be reported as a result of such meetings?

Mr. Farthing: Well, discussions are ongoing. The—COPSE has discussions with the institutions regarding many matters on an ongoing basis. There is a meeting once a year, a regular, formalized meeting. And that's important, but what is just as important are the ongoing conversations in between those meetings. Those conversations have to do with a lot of things. They have to do with proposed capital expenditures. They have to do with the state of the operating budget. They have to do with new programs that might be introduced. They have to do with operating matters and so on. And so those discussions are ongoing, and some of it is formalized, some of it is more informal, but it certainly is on an as-needed basis.

What we try to do with the—or what COPSE tries to do and what the department actually tries to do with the institutions is have a relationship that allows for these discussions and so that we can figure out together how to deal with the challenges that we're facing. And the reason why we do that is obvious: because we have a shared interest. We want to provide the best possible service and education to the

students in our institutions that we can possibly do, and that means working together.

Mr. Ewasko: So, Mr. Deputy Minister, you mentioned ongoing. So you mentioned—so at least once a year it's actually dated and planned, but with that it's on an open-door type policy is what you're meaning?

Mr. Farthing: You could call it open door. You can call it on as-needed basis. It involves staff in COPSE talking with staff in the post-secondary institutions. It means the chair of COPSE meeting with the president of the institutions and others. It means myself doing that. It means the minister meeting with, well, the president—presidents of the institutions.

I'll give you an example. Last week, I was at the University of Manitoba and met with the president and the vice-president, actually—or one of the vice-presidents. And we spent an hour, hour and a half, talking about where the University of Manitoba was heading, and it was a very interesting conversation and very worthwhile.

Mr. Ewasko: What efforts have been made or planned in the near future to raise the revenue at the University of Winnipeg?

Mr. Farthing: I'm not sure what you mean by—if you mean by revenue—oh, you're not talking about funding, you're talking about other sources of revenue the university might have.

Mr. Ewasko: Just to clarify, to raise revenue, yes.

Mr. Farthing: So I'm assuming that we're talking about something other than the funding that is provided by COPSE—or through COPSE, I should say.

* (21:10)

And it—in the case of the University of Winnipeg, they've identified several possibilities or opportunities to increase revenues, revenues in addition to tuition and in addition to funding that's provided by government. These include earnings and revenue by—through their Cisco technology system that they've put into place—having people go there and pay to use that quite impressive system, actually—commercialization of some research projects and just leveraging some of their development expertise to support organizations with development projects. The university has developed an expertise—some expertise in that area, and they'd make it available on a fee-for-service basis.

When we—you know, we met with Dr. Axworthy about a week ago, and we did talk about this and these are only a few of the opportunities or possibilities they're looking at. And so, hopefully, some of them will pan out and the university will have this other source of revenue.

Mr. Ewasko: Thank you, Deputy Minister, for that answer.

Does the Joint University Government Group committee still exist, and what improvements to the university's financial position have been made since its formation?

Mr. Farthing: No, that group doesn't exist any longer, and that is something that I'll be talking with staff in the department and people in COPSE and the chair of COPSE about to see whether or not in future there needs to be something like that or not. But at the moment, it doesn't exist.

Mr. Ewasko: When was it terminated or disbanded?

Mr. Farthing: Quite a while ago, actually. About five or six years ago. But that notwithstanding, as a deputy, I'm interested in taking a look at the experience with that group or the experience that that group had and see if there's anything to be learnt from the work that it did.

Mr. Chairperson: Are there further questions in regards to this or—I know Mr. Farthing's opening comments were in regards to sections 9 and 10 as well. If you want to proceed to that—oh.

Hon. Jon Gerrard (River Heights): I would like a question on that last section.

Mr. Chairperson: Oh, on section 7?

Mr. Gerrard: Yes.

Mr. Chairperson: Yes.

Mr. Gerrard: When you're looking at the financial health and the balanced budgets of an institution like the University of Winnipeg, I mean, you're trading off, you know, the expenditures versus quality of education in essence, right? And, I mean, the concern that I see it is in terms of the challenge of balancing the revenue but also being able to deliver services—education services that you need to deliver is a critical component. And, you know, what we seem to be saying at the moment with cutbacks in staff in sociology, for example, would appear to indicate that there are some, you know, critical concerns or limits in terms of the quality of education. And it seems to me that there is an important question about, you

know, the financial stability but also in being able to meet what are the critical deliverables or needs that a university needs to be able to do.

And I wonder if you would be able to comment on—it's not just a balanced budget but in balancing the financial needs and the ability to deliver a quality education.

Mr. Chairperson: Yes, we are looking at more of the balanced budget just on the financial side of the equation at this point, but—so I am wondering if we could have this question rephrased, Mr. Gerrard.

Mr. Gerrard: I mean, the—we're looking at the financial balancing of a budget but you're balancing it against the services that are being delivered. I mean—and it seems to me that these are, you know, two very important sides of a coin. And what I'm asking is in terms of, you know, balancing a budget and providing quality education and the deputy minister's perspective on being able to do this.

Mr. Farthing: I'm going to—the questions you raise and the conversation you want to have, I think, are important and merit a lot of reflection and discussion. But I'm going to ask for direction from the Chair as to whether this is the place or not to do that.

Mr. Chairperson: Well, in our opening comments earlier, I said of any questions that might be close to a policy provided may be answered by the minister as well. Perhaps you need to redirect that question, Dr. Gerrard, but we—we're not here to entertain questions of policy tonight. I guess in regards to the areas that we've dealt with throughout the evening so far, and so I think we'd have to look at sticking more closely to the financial aspects of the balanced budget and look at programming and course—we've had no questions of courses and that type of thing. Of course, they're part of the way and operations of a university or a college work, they're pertinent to it, but in regards to the auditor's report it's not part of that report, so maybe you could rephrase that question.

Mr. Gerrard: I'm—let me rephrase it in terms of—let me, you know, ask, you know, the minister in terms of the balancing of the budget, which is what we're talking about, and how she, as the minister, is going to approach the balancing of the University of Winnipeg's budget.

Hon. Erin Selby (Minister of Advanced Education and Literacy): Mr. Chair, I think that the member raises some interesting questions, and I look forward

to having lively debate with him in the House, but I do feel that this is a Public Accounts Committee meeting and is not the place for us to discuss policy. And I look forward to the opportunity to do that when the House is in session.

Mr. Gerrard: One more question in terms of the minister. Does the minister feel that it is important to balance the budget while, at the same time, providing adequate services to students?

Mr. Chairperson: I think I'm going to call that question out of order. We're ensuring communications around the funding and the budget approval, but I think there's a—the—certainly, the relevancy would be in Estimates in a question like that as well, and so, unless there's further questions—if you have a further question, Dr. Gerrard, I'd be more than glad to, and encouraged to, have you ask it, but in regards to some of the questions that I have limited earlier this evening, as well, I would have to do the same with this one.

Are there further questions in regards to sections 9 and 10, then, as we move forward?

Mr. Ewasko: Yes, chapter 9.

So, for the Keewatin Community College investment in information technology, what is the current state of the operating standards and procedures, deputy minister?

Mr. Farthing: The operating standards and procedures have been and continue to be developed, and the processes standardized for the IT department as the technologies change and best practices evolve. So, another way of putting that is, is that we're trying to make sure that the IT function is as up-to-date and as modern as possible.

Mr. Ewasko: The technology that's currently there, and I know that you just said that you're constantly evolving it and adapting it, but the programs and the software that are already there, are they meeting the staff—are they meeting the needs of all staff and students?

Mr. Farthing: I think it's the same there as we talked about for the U of W. It is meeting the needs of staff and students. Could we have systems in place—software, hardware, technology systems in place that could better meet the needs of staff and students, I think the answer to that is yes. Are we working to get to that place? Again, of course, the answer is yes. Are we facing some challenges and some constraints? Of course, we are.

UCN is trying to do many things at the moment, and it can only do so much at any given time. And it can only do so much in any given time for the reasons that were indicated earlier, actually, when you were talking to Justice about—or not, to people in Housing, and that is it has to do with the capacity of the institution and it has to do with the budget of the institution.

* (21:20)

So, as the capacity develops and as we're able—as UCN is able to spend more money on the IT function, we will, of course, be looking at modernizing what is there to the extent that it can be, or brought up to date. But in those situations where it's past its best-before date or its life cycle, then we will try to replace it.

Mr. Ewasko: As with other sectors with employee turnover, within the IT department has there—what is the employee turnover, and are there steps being taken to ensure consistency for the experienced employees so that they stay employed?

Mr. Farthing: Well, as it turns out, turnover in the IT department has actually been quite low at UCN. It does, however, take specific action when people leave the IT department, which includes returning all of the UCN provided equipment—just laptops, cellphones and so on, as you would expect. But that's not really the important point. The important point is that the ICT—or pardon me, the turnover in the IT department has been quite low. That's a little bit of a surprise because we know in the north sometimes that turnover is an issue; retaining good people in jobs in the north can sometimes an issue. We all know that. As it turns out it doesn't appear to be an issue in the IT department at UCN.

Mr. Ewasko: Within the current mandate or job description of the IT director, is the current workload manageable?

Mr. Farthing: The information I have is that it's just barely manageable, and I wasn't surprised to hear that, actually. Doing anything in the north is—for reasons of geography and so on and access to supporting services—is more challenging than in the rest of the province. It's no different here. Not only that, but a lot of what UCN does and wants to do, actually, in the future, is dependent on technology. They want to do a lot of community-based education. They want to take education to where people live. Part of that is going to be actually having people

there go to the communities, but part of it's going to be about distance delivery. And distance delivery, of course, is about IT. And so the IT manager has his hands full. He is managing—it is a he, isn't it? Okay. He is managing, and—but he has a big job, and he has to work hard to keep up. But that's what he's doing.

Mr. Ewasko: Currently, as in other organizations, data stats are all very important. So, with that, are the helpdesk requests tracked and monitored to identify frequent problems, with a goal of creating long-term solutions?

Mr. Farthing: All requests coming into the IT helpdesk are, in fact, tracked to completion using the helpdesk ticketing system. And part of the—and this information is used actually for many purposes including identifying the frequency of problems. So there is monitoring and there is tracking, and then there is analysis of the data.

Mr. Ewasko: Thank you, Deputy Minister. Two questions ago, you touched on the distance ed. Are the concerns regarding the distance ed program being tracked, and how is it being tracked?

Mr. Farthing: I don't have a specific answer to that question. I know that this is an ongoing concern, and as I—you know, I know I'm using this word a lot but I think it's appropriate—but there is an ongoing concern and challenge with making sure that UCN has all of the resources that it needs, both people and IT infrastructure, to deliver distance education. I—UCN cannot do what it's been mandated to do and, actually, what it wants to do and what people in the north want it to do, unless that's the case.

Right now, though, the IT department—let me put it differently—the academic development department is responsible for providing the support to the—to UCN's use of distance education technology, including having technology facilitators available during class times. And what I mean by that is that the IT department, of course, is responsible for the IT infrastructure but all of what has to be placed around that infrastructure is, of course, provided by the academic development department. And so at the moment there is a bit of a separation of responsibility and a bit of a separation of function. What I would assume is happening is that those two units are working together to make sure that all—you know, that the courses or the programs that we—that UCN wants to deliver by distance are being delivered and are being delivered effectively, and not only effectively but efficiently.

Mr. Chairperson: Thank you, deputy minister, and before we proceed I'm just going to take another chairman's prerogative and just say that we would like to get to the other section here this evening and ask some of the questions on the Knowledge Infrastructure, as well, and I know the deputy minister still wanted to make some comments in regards to section 8, so—and the other bill, so—the other report, so I just wonder—oh, I know the questions are going well, Mr. Ewasko, but I wonder if I could get you to look at wrapping up on section 9 and 10 and—or else allowing us to proceed into the deputy minister making his statements on section 8 and then we can wrap up the questions at that point. What's the will of the committee? Put that forward as a suggestion if I may? Perhaps I will.

I'll ask—I'm just going to take a few minutes, then, and just ask the deputy minister if he would provide his comments on section 8 and perhaps in regards to the—if he could—because we had comments on the KIP proposal before if he has any—I'd just ask him for—to wrap up his final comments that he might have on any of those issues and then we would move forward on the Manitoba's Participation in the Canada's Economic Action Plan, as well, and we can deal with those tonight and move forward, and we'll need to ask the leave from the committee to move past 9:30, I think, at this point if we—if I could have agreement to do that as well.

Mr. Ewasko: So, how about we go right to the KIP area there?

Mr. Chairperson: Okay. I'll ask the deputy minister then to make his comments on those, and with the agreement of the committee, then, I'll look at going certainly not past 10 o'clock, and we'll look at moving into those areas. And—but, Mr. Deputy Minister, if you could provide us with your comments.

Mr. Farthing: So to be clear, Mr. Chair, we're moving to Manitoba's Participation in Canada's Economic Action Plan, and I'll read my introductory remarks now? Okay. Fairly lengthy.

Mr. Chairperson: Yes, if you could proceed, Mr.—

* (21:30)

Mr. Farthing: Okay. The Canada-Manitoba—well, first of all, let me introduce staff from the—from CMIS, the Canada-Manitoba Infrastructure Secretariat. We have Karlene Debance, who is the executive director and Tara Pratt, who is the director for Economic Development Programs. And I want to

take the opportunity to thank both Tara and Karlene for preparing the materials which I am going to use this evening and for spending quite a bit of time with me to get me as up to speed as possible regarding these matters. So, my introductory remarks, I'll provide them now.

The Canada-Manitoba Infrastructure Secretariat work together with the departments of Infrastructure and Transportation and Advanced Education and Literacy and Local Government and Manitoba Civil Legal Services, to address the Office of the Auditor General's recommendations.

Canada-Manitoba Infrastructure Secretariat, or CMIS for short, strive to address each recommendation while ensuring that it continued to provide central agency implementation and administrative support in the delivery of intergovernmental and non-governmental infrastructure and economic development funding initiatives. Subsequent to the OAG audit, CMIS developed a policy and procedures manual that outlines the documents and processes within the office. The manual incorporates all of the OAG recommendations—I want to underline that—all of the OAG recommendations, and includes procedures for documentation reporting, policy implementation for projects, procedures for approvals, submissions, et cetera.

Although the stimulus programs ended as of January 31st, 2012, all revised policies and procedures have been implemented and are operational for all projects and programs administered by CMIS—and I want to emphasize all projects and programs. It should be noted that CMIS has appropriate financial and accountable processes in place to ensure that the public funds were spent economically. All Treasury Board approvals, Cabinet approvals, Estimate documents, were well documented and in place. A senior financial officer is also on staff to prepare current cash flow and critical financial reporting documents required by various—various and many—provincial and federal officials. CMIS project managers were diligent in ensuring federal and provincial financial claims processed were for eligible project expenditures and were properly supported and accurately calculated.

It should be noted that the question of the selection of stimulus projects was raised at the March 8th, 2012, Standing Committee on Public Accounts meeting regarding this same audit. At this time, the Deputy Auditor General stated that as a

selection process was a negotiation process between multiple levels of government, therefore it concluded it would not be auditable and was thus outside the scope of this report.

However, the CMIS has ensured all provincial approvals from Cabinet, Treasury Board and spending authorities were in place to ensure public funds were expended in a fiscally responsible and accountable—and I want to underline fiscally responsible and accountable—manner.

While the intent of the OAG's audit was to test CMIS's monitoring and management of risk for projects not meeting the March 31st, 2011 stimulus project completion deadline, it should be noted that on December 2nd, 2010, the Prime Minister of Canada announced an extension of the stimulus funding for an additional construction season. Projects seeking this extension were required to submit documentation in the form of a counsel or board resolution committing to complete the project while accepting responsibility for all costs incurred after October 31st, 2011, a detailed construction schedule endorsed by a professional engineer or architect, and in the case of provincial assets, a letter from the minister responsible committing to ensure that the expended—extended projects would be completed.

The construction deadline for the approved projects was extended from March 31st, 2011, to October 31st, 2011. The agreements to extend the deadline were executed within the required time frame and, as a result, no project funding—no project approval for funding under the stimulus project has had their funding clawed back. And we all know there is a provision in the agreements for that to happen—but it didn't happen because of the way in which these projects were monitored and managed.

Although the project completion date was extended to October 31st, 2011, these extension agreements included provisions for projects unable to be substantially complete by the new project completion deadline. Recipients with unfinished projects were required to submit a letter indicating when the project would be substantially complete and that the recipient is responsible, or would be responsible, for any costs incurred after October 31st, 2011.

As of January 31st, 2012, the program end date, all projects approved for funding under KIP were in accordance and in compliance with the terms and conditions of the current agreements between

Canada and Manitoba. CMIS submitted to Industry Canada all required final documentation. There are projects under KIP in which the recipient was not able to provide something called a solemn declaration of substantial completion—I love that—a solemn declaration of substantial completion, however, these recipients have verified that the projects will be completed within a time frame acceptable to Canada. The recipients also attested they were responsible for all costs incurred after October 31, 2011. To date, Canada has not conveyed any issues to Manitoba.

CMIS notes that all final documentation was submitted to Industry Canada, who, subsequently, must review and approve these claims before releasing final funds. Industry Canada received final documentation from jurisdictions across Canada. Therefore, the timelines for release of the funds is not known because this is an across-Canada matter.

As a result, KIP projects, 5,324 jobs and an increase of student capacity of 3,423, were created during this period. It should be noted that in Canada's seventh report to Canadians on the Economic Action Plan, as of January 2011, the Assiniboine College's KIP project, the advanced knowledge and skills expansion at Dauphin Parkland campus was highlighted as a success of the program. So, quite a feather in Manitoba's cap.

Over the last 10 years, CMIS policies and procedures have been audited by Grant Thornton. No significant issues have been identified and all funding has been administered as per requirements of the federal-provincial master agreements. During the course of the stimulus program, six—six third-party compliance and financial audits were conducted at the expense of Canada and Manitoba on either the project's approval for funding under the stimulus programs or the programs themselves by PCW, KPMG, BDO and Deloitte. Of the three audits completed for KIP, there were overlaps, as I will now explain.

The—first, the University of Manitoba Art Research Lab project was audited by KPMG, it was a financial; BDO, which was a financial and compliance audit; and the OAG, which was also a financial and compliance audit.

Second, the University of Winnipeg Science Complex and College for the Environment project were audited by KPMG, financial audit; BDO, financial and compliance; and the OAG, which was also financial and compliance.

Third, the Red River College Union Bank Tower was audited by both BDO, which was a financial and compliance audit; and the OAG, which, of course, was a financial and compliance audit.

Although the audit objectives for each audit were different, the audit conclusion is that—I want to underline this, and it’s in bold in my notes—all are in compliance with the agreements and no substantive exception was found. KPMG also noted that the University of Manitoba Art Lab was in high compliance with the Canada-Manitoba KIP agreement.

The specific audits were as follows: First, the KIP federal audit. The first point is that, February 2011, Industry Canada retained KPMG to complete KIP compliance audits on the University of Manitoba Art Research Lab and the University of Winnipeg Science Complex and College for the Environment KIP projects. No significant issues were noted.

The audit objectives as approved by Industry Canada were to determine if the report project expenses were adequately supported and within the eligibility period of the funding agreement, to determine if the reported expenses were in compliance with the criteria for eligible expenses of the funding and to determine if the funds were used for their intended purposes as approved by the project proposal. And, again, I want to note that no significant issues were noted.

Second, November 2011, Dessau Limited, a consulting engineering firm, was contracted by KPMG to review project timelines, the completion of milestones and other relevant project details on the University of Manitoba Art Lab, the Red River College Union Bank Tower and the University College of the North regional centres infrastructure projects considered to represent a high schedule risk based on quarter reports submitted to Industry Canada.

* (21:40)

The objectives of the review were to first ascertain the date by which the projects funded under KIP would be completed. And second, to determine the level of eligible costs that would be incurred by October 31, 2011. Dessau, the consulting engineering firm that was contracted by KPMG, was in contact directly with the institutions and all the issues identified were addressed by the institutions.

I want to—so that was about the KIP federal audit. I want to now talk about KIP recipient audits, and there’s one fairly long point to be made here. August 2011 to January 2012, as per the Canada-Manitoba KIP agreement, the Province retained BDO Canada to complete recipient audits, which are both compliance and financial audits, on six KIP projects mutually agreed to by Manitoba and Industry Canada.

The purpose of the compliance audits were to validate that the recipient implemented adequate controls, processes and practices to ensure that the recipient complied with the terms and conditions of the contribution agreements. BDO reviewed six projects and, based on the work performed as of November 28, 2011, concluded that the recipients were in fact in compliance with sections 7.14, 8, 12, 13, and schedule B of the contribution agreement.

The financial audit objective was to—the financial audit objective was intended to perform an audit of the recipient’s eligible expenditures and revenues in the financial statement with criteria established in sections 7.14, section 8 and schedule B of the contribution agreement.

CMIS has received the final audit reports on the University of Manitoba ART Lab; the University of Winnipeg Science Complex and College for the Environment; Red River College Union Bank Tower; Collège universitaire de Saint-Boniface—expand health sciences pavilion; the University College of the North—Grand Rapids regional centre; and University College of the North—Swan River regional centre. No issues are noted. None.

At this time the Canada-Manitoba Infrastructure Secretariat would like to recognize that the OAG report and recommendations have provided CMIS with an opportunity to review the processes and procedures already in place and acknowledge their strengths while also identifying the areas in which—which could be improved, and that, indeed, has happened. Part of the history of all of this is if there were some areas that were identified by the OAG that could be strengthened, and they were in fact strengthened early on. And so what CMIS did was embrace the recommendations and advice provided by the OAG and strengthened what was already, as you can see from the outcomes of all of the audits that were done, what was already a strong process but was made stronger based on the recommendations provided by the OAG and for that we’re grateful. Thank you.

Mr. Chairperson: Thank you, Deputy Minister. Does the Auditor General have any opening comments in regards to the—this particular audit of the Manitoba's participation in Canada's Economic Action Plan, or were those included in your earlier comments as well? Thank you.

Ms. Bellringer: Or neither. No, I actually must admit I won't—I don't have any specific opening comments on the report because the Deputy Auditor General provided a very comprehensive one at the March 8th meeting, and the staff who were there are here again tonight, Erika Thomas and Jeff Gilbert, who worked on the audit with Norm Ricard.

You know, there's just—there's one area that I'm going to draw attention to that it actually goes outside of the report, and we didn't make a recommendation on this. It doesn't actually relate to CMIS at all, but, you know, it gets lost in the shuffle, and it dawned on me listening to all of this that it's an area that you won't otherwise note if I don't bring it to your attention. And it's on the procurement process and the competitive process, and there was—there were a number of comments in the report and it was—I think it was covered at the last meeting—I wasn't—the one on March 8th. But there was, for example, there was a development contract that predated the start of the action plan. So, in that particular case, the contract stipulated who the architect, contractor and project manager would be.

Now, it doesn't follow a competitive process. It followed something else. So what I draw attention to is—it doesn't—it isn't a problem in the context of this particular audit and everything that was done was done. We described the way that that was dealt with.

But I guess what it raised for me, was we—in other audits including—we did one on Winnipeg Regional Health Authority on the tendering process—that there are a number of places where in particular project managers, there's no requirement for a competition, that those are often sole-sourced. And it's an area, I think, government should pay some attention to, take a look at. And we are always recommending in those situations that while sole-source shouldn't be eliminated, it—there—the place for a competitive process often is falling into that area where you might find out that the prices are too high or you might find out that you can get different skills from another supplier. And so we encourage that to the point of, yes, every time we're looking at it we do recommend it. We didn't go there in there in this

report, but I think it's an important area of focus on—in other procurement situations.

The interprovincial trade agreement, for example, doesn't require that those things be—that the project manager be tendered in the context of that interprovincial trade agreement. And departments will sometimes come to us and say, well, we're not required to do that because the interprovincial trade agreement doesn't require it. We're saying yes, but we encourage it because of how it will strengthen your procurement, the value you will receive for the money spent in any of those areas. It—you're right, it, you know, isn't a requirement, but it is something we encourage.

So, that's one area that is something that would be—will be something of an ongoing benefit but—and I'm not, as I say, I'm not pointing at CMIS in this regard. I'm just saying in general, we think it's something that should be paid attention to and wherever possible strong, competitive bidding does—has been the traditional way of making sure that your prices are low, and it still seems to prove to be the case.

Mr. Chairperson: Thank you, Ms. Bellringer. And I did indicate in my opening remarks earlier tonight as we started that Mr. Ricard had made a very good presentation from the Auditor General's office on this in the last meeting that we had, so I want to make sure that I didn't cut off questions in sections 9 and 10. Have you comments to make on section 8 as well from the—I noted earlier that you hadn't and if you had any, Dr. Farthing, I would ask you to bring those forward, as well, so that we can then wrap up the questions once we've heard the—all of the deputy minister's comments. Would that be fair? You have some? [*interjection*] Okay. If you would proceed please.

Mr. Farthing: I had some opening comments and I also have a response to the recommendations that we're here to talk about. Do you want me to do the whole thing?

Mr. Chairperson: Yes, please.

Mr. Farthing: Okay, so I won't be as long as what I just did, so that's the good news part.

Before I do that, though, I just want to say in response to what the Auditor General just said, is that we're in agreement. We think that we should not rule out sole-sourcing, but that should be the exception. And there has to be good reasons to do that. In the normal course of business, one tenders

and sees what the competitive process kicks out for the reasons that the Auditor General, I thought, properly outlined.

Anyways, with regard to my opening comments: Manitoba Student Aid improves the affordability and accessibility of post-secondary education by providing student loans and other assistance to eligible Manitobans experiencing financial barriers. The assistance provided is based on an assessment of financial need which compares students eligible education and living costs with their available resources.

* (21:50)

In an—the effort to streamline the internal processes and improve client services, in 2008 the branch entered into an agreement with the Business Transformation and Technology branch of the Department of Industry, Energy and Mines and with Deloitte to develop a new student financial assistance information system which would integrate the business needs of the various units in the branch into an SAP-based system. The first component of the system, the repayment and collection functions, went live in the fall of 2010. Since then, the branch has seen improvements in efficiencies and client services related to this part of the new system. The more complex component, the assessment engine, was originally planned to go live in June, 2011—so, about a year ago. Despite a strong commitment by all involved, the complexity of the business needs has unfortunately resulted in some delays. A series of test groups were conducted in March, just, well, this month. These have allowed for current students—these have allowed current students the opportunity to experience a new application system which has provided the project team with critical feedback about the usability of the system and a better understanding of where some programming gaps remain. A second series of test groups are planned for later this spring.

As a result of the information gathered from the test groups, the project team is currently re-evaluating the project plan to determine a revised implementation timeline with the objective of getting the whole system up and running as soon as possible.

With regard to the recommendations, the original report contained 54 recommendations; 45, or pardon me, 49 have been implemented. Five are still in progress, and I just want to very briefly go over those five.

The first is that for students who have taken previous post-secondary studies that the program obtain the student's most recent academic transcript as part of the application process to (a) confirm satisfactory past academic performance, and (b) to help detect over-awards from course load decreases and withdrawals.

Our response to that recommendation is that regardless of when the system goes live, MSA will—the Manitoba students assistance branch—will begin collecting historical academic transcripts in the summer of 2013. MSA will automatically—will also automatically collect pass-fail information at the end of every student's study period. And we're going to do this to ensure that there isn't overpayment. What we want to sure—ensure is that there's proper payment. The students get what they—what the system, what the government has committed to provide, not less, not more.

The second recommendation is is that the program investigate the costs and benefits of establishing electronic data links with Canada customs and revenue agency to income earned, to verify income earned. A memorandum response is that a memorandum of understanding has been signed with CRA, Canada customs and revenue agency. Once the system is live, MSA and CRA will establish a process for verification of CRA data. So, in short, the recommendation has been addressed.

The next recommendation was that the program engage Manitoba public universities and colleges in seeking better co-ordination and information-sharing processes regarding scholarships and bursaries. Such processes should include electronic data links.

The department's response is that because so few students receive enough scholarships to adversely affect their amount of student aid, this is not until—at this time been a priority of the branch in terms of focusing on sharing data regarding scholarships with post-secondary institutions. The new system, however, may provide opportunities to forge these data linkages with institutions, which would limit such incidences as over-awards. And, as I said earlier, our objective is to provide what it is that the students should expect to receive based on the criteria and the policies that are in place, not less, not more.

The next recommendation was that the program conduct quality assurance reviews on the application assessment process. Policies and procedures should be developed to ensure an effective quality assurance

review process is in place and include the expectation that application files be selected for review on a random basis and on the basis of risk.

I can tell you that once live the new system will allow MSA to randomly select student files for review, and this will be done. The scope of the existing audit staff will expand to include application assessment reviews. So, again, we're going to be addressing that recommendation.

The last recommendation was that the program collect historical data in order to establish appropriate benchmarks for the program's collection activity. The MSA—the response from the department is that the MSA portfolio continues to grow and the branch continues to track default rates to better understand delinquency trends.

The new system has been supporting repayment functions for one and a half years. The new system provides staff with access to tools that are improving the collection process and, therefore, benchmarks are being redefined within the context of the new SAP-based system. So, in short, we should be able to do a better job of tracking and knowing why there might be some delinquency, and then therefore be able to better address those situations when they arise. As unfortunate as they might be.

Open for questions.

Mr. Chairperson: Thank you, Mr. Farthing.

Mr. Pedersen: I have a couple of questions for CMIS and I don't know if anybody else does, and given the hour of the evening, if I could get off these couple of questions and then maybe we can review as to whether there's more questions for the other chapters. But I'll just go ahead and ask my questions on CMIS and I guess you can—

Mr. Chairperson: Okay. We've got a few minutes before we get to 10 o'clock, so if you—we may want to review it there. But if you have a couple of questions, then go ahead and I'll just watch the clock.

Mr. Pedersen: Thank you then, Mr. Chairman, and I will be—my questions will be brief. But there—we did have a very robust discussion on CMIS at our last PAC meeting and so I don't think we really need to dwell into it too much, but there was three audited projects that the Auditor General did. How many projects—and you gave us a lot of information in there and I was trying to catch up with it—keep up with it—but how many projects in total were involved

in the KIP program? And then I'll—further, how many projects, and what was the total dollar value of them?

Mr. Farthing: Yes, thank you. There were 29 projects and the value of the projects were—there was 79—or pardon me, just over \$71 million in federal funding, and just about \$58 million in provincial funding.

Mr. Pedersen: Thank you. And of all of these 29 projects then, are any of them not completed to date?

Mr. Farthing: There are 10 projects not completed to date, and nine are UCN projects and those projects are under way. They will complete it. It's a little more complicated—the situation is a little more complicated with those projects because it's in First Nations and so it involves more negotiation and figuring out of things in some other places. But that work is proceeding. Those projects will be completed and there's one project with Red River College that is yet to be completed. But all of the projects will be completed.

Mr. Chairperson: I'm going to ask for the indulgence of the committee here again one last time in regards to the will of the committee to finish the questioning, or what is the wish of the committee? I want to finish the—my goal would be, as Chair, is to wrap it up so that we don't have to have the deputy and the staff and the minister come back at a later date, if we could. I bear with your indulgence, but I've been pretty lenient in letting as many questions go as I can. It's been great information, I feel, tonight, and so I don't want to cut others off that might have questions on the KIP program as well. I think it's important that we allow those past 10, and so what is the will of the committee?

Mr. Jha: Suggestion: I would say we should go for a few more minutes and finish the questions.

Mr. Chairperson: Okay. Proceed then, we will. Are there more—Mr. Pedersen did you have more—oh, Mr. Friesen.

Mr. Friesen: Thank you, Mr. Chair. I'll be brief as well. I noticed—and we did have—I would agree that we had a wide-ranging and thorough discussion on the CMIS last time around, and I thank you for your presence here today and the minister as well.

* (22:00)

One of the safeguards of the Infrastructure Stimulus Fund program was that there was no danger of the government of Manitoba to overfund the

project because, in essence, at the end of the project any amount over budget would be the responsibility of the municipal government to fund. In this case, where only the Manitoba and Canadian governments fund, what is the—who pays if the project goes over budget?

Mr. Farthing: By agreement, and this was known right from the start and restated along the way, that those costs would be paid by the institutions.

Mr. Friesen: How many projects were over budget?

Mr. Farthing: I can confirm that there were some that were over budget. I can't tonight tell you which ones—or, I mean, how many. I can get back to you with that information, but there were some that were over budget.

Mr. Friesen: Further to that—I would appreciate an answer at some point in time, but further to that, it would also be good to know the dollar amount over budget. And perhaps, as well, a further question to know, of those projects currently not completed, how many of those are over budget, what's the dollar amount on those, and how many of those are occurring in First Nations communities?

Mr. Farthing: I will get that information for you. And you're quite right, some of the projects that we're talking about have to do with UCN, and some of those have to do with projects on First Nations communities.

My understanding is that these—this is being properly handled and that they will be—the funding will be there or the money will be there and that the projects will be completed. But there are some instances of what you're talking about.

Mr. Friesen: And just one last question. That would be: What mechanisms are currently in place at this time to protect the government investment in these projects and to make sure that this work is completed in a reasonable amount of time?

Mr. Farthing: Yes. The protection is that when it looked like—or when it became apparent that we were at that juncture, this was discussed with all the parties involved and formal agreements were signed amongst all the parties involved stipulating and outlining who was responsible for what. And in this instance, it's the institutions. They signed off that they're responsible for getting the projects—well, we're all responsible for getting the projects finished, but the institutions are responsible for any of the overexpenditures that we're talking about. This was

all done at the appropriate time, and it was done by agreement by all the parties involved.

Mr. Ewasko: Just quickly, Deputy Minister or Minister, Red River College Union Bank Tower, University of Manitoba ART research lab, University of Winnipeg Science Complex and College for the Environment. The ART research lab is complete, Union Bank Tower is not, and Science Complex and college, it's sort of a question to the three of you and I just thought—or the two of you, sorry, just on those ones, and just timelines on those.

Mr. Farthing: Actually, the ART lab is complete and the Science Complex is complete. What is not finished yet is the bank—or Red River College bank tower project. That's the one that's not done yet.

Mr. Chairperson: Just for clarification, are there other questions in regards to the Canada economic program? You're questioning on the KIP program or you're—

Floor Comment: That was the KIP.

Floor Comment: That was KIP.

Mr. Chairperson: Okay, do you want to continue, then, and we'll finish those all off as we go ahead.

Mr. Ewasko: Last question, I promise. The Union Bank Tower, what are we thinking for a timeline? Do we have a timeline on that?

Mr. Farthing: Imminent, next month. Schedule's expected to be completed end of next month.

Mr. Ewasko: My promise on the questions on KIP, I'm done.

Mr. Chairperson: Okay, before we move forward, then, on that, I will go back, then, and allow questions on the other sections of the follow-up report, then, to finalize that as well. *[interjection]*

We can proceed if it's the will of the committee. I was going to do that at the end, but if you—it's the will of the committee right now, then we'll move forward and ask the question on this report.

Auditor General's Report, Manitoba's Participation in Canada's Economic Action Plan, dated May 2011—pass.

Thank you very much.

So, I think we will go back to the questions in sections 8, 9 and 10, then in regards to the follow-up report, and proceed with those.

Mr. Gerrard: Yes, I mean one of the areas which is extraordinarily important in the north is the distance education and there's a question that was raised in the Auditor General's report under the Keewatin Community College, which deals with distance education and, of course, not just in the north but around the province.

What—and there were some real major concerns about the equipment being adequate and in relatively poor condition, and I wonder if the deputy minister can tell us what the situation is currently and how things are working in distance education equipment, technology, and so on.

Mr. Farthing: First of all, the—you're quite right. There have been some concerns raised about the state of the equipment and that has been worked on. My information is that improvements have been made. Of course, we would all like there to be even better equipment there than what's there now, but improvements have been made with respect to what is available and what it can provide. So, it's not as good as we'd like it, but it's better than it has been in the past. And it is serving the needs reasonably well of the students and the staff there. But there's no question that, in the future, we're going to have to make future investments in the equipment—IT equipment and software. But it is being worked on and it's—it has—well, my information is that it has improved over the years.

Mr. Gerrard: One of the things about distance education equipment, in this area, being because the whole area continues to evolve, that it's not as if, you know, you invest and you've got something which is going to last for years and years. You have to make ongoing investments year to year.

I mean, do you work with, you know, the post-secondary education institutions to make sure that they have a rational proportion of their spending on information technology to make sure that they're up-to-date year by year?

Mr. Farthing: Well, what we do is that we are in ongoing—as I noted earlier—we're in ongoing discussions with all the post-secondary institutions as to what their needs are, and, of course, part of that is a discussion about what their IT needs are.

With regard to UCN, that's a bigger part of the discussion than with the other institutions, just because of the nature of UCN and where it's located and the people, the students, the learners that UCN tries to reach. Of course, a lot of that reach has to be

through IT, so what the discussions are about is trying to make sure that the IT that's needed is there. I—you know, of course, and you know, that is an ongoing challenge and, therefore, it's an ongoing point of discussion and that as I—just to repeat myself a little bit—that's a discussion we have with all the institutions.

We talked earlier about the Cisco system at the U of W, for example. But, of course, the kind of discussion we would have with UCN would be quite a bit different than the kind of discussion we would have with—even though it's about the same thing in a notional sense than what we would have with the U of W. And in some ways, although I wouldn't want to emphasize this too much, more consequential in terms of UCN than U of W, because—just for the reasons I indicated earlier.

* (22:10)

A lot of what UCN is doing, going to be able to do—and actually this is more of a futures question than a present case, present time question—is going to be dependent on IT. We're looking at some different ways of delivering education through UCN. The principal difference is taking education, as much as we can, and there's limits to this as there is to everything, but taking education, as much as we can, to where the learner lives. That's the model and doing that means a big role for IT. And so that's why the nature of the discussion with UCN is somewhat different than with the other institutions, and in some ways, more consequential.

Mr. Chairperson: Are there other questions in regards to these sections?

Mr. Ewasko: I do under the student financial aid piece, Mr. Chair.

Mr. Chairperson: Proceed.

Mr. Ewasko: So Deputy Minister, did the student financial aid information system meet its target date of June 2011, and has the implementation of the system enabled the meeting of recommendations for 1.8.25 as projected?

Mr. Farthing: The short answer to your first question is no, we didn't meet the 2011 target. But with regard to the second part of your question, there has been a memorandum of understanding signed with the CRA and once the system is alive, we will establish a process for verification of CRA data. So, as I indicated in my opening remarks, we are a little behind in terms of the implementation of the system.

We're working hard on that. We're working very hard with our partners in government and with Deloitte, who is responsible, or who we've contracted with, to put this SAP-based system in place. Just as recently as last week, I had a meeting with some very senior people from Deloitte, some of them who flew in from out of town, from Vancouver and Toronto, to talk about making sure that we get the system up and running, the complete system up and running as soon as possible.

We're going to be doing some testing. We've already have been doing some testing. We're going to keep doing that to get the system up as soon as possible. What we're not going to do though, is that we're not going to put up a system that might jeopardize some students' access to financial assistance. We're not going to do that. We're going to make sure that when we put the system up, that students are protected from anything like that. I don't know if you recall, but when—I can recall being a student and if that had happened, that would have been a huge source of anxiety and we're not going to put students in that situation.

Mr. Ewasko: As is, the student aid right now is a high source of anxiety for students. So presently, the old system is up and running and the new system, there's nothing up whatsoever. There's no partial. There's—

Mr. Chairperson: Yes, Mr. Farthing?

Mr. Farthing: The old system is up and running and I think it's important to note that it is functioning, and as we talked about with regard to systems at the U of W that need to be replaced, we're doing the same thing at home with regard to the system in the student service, or student financial aid branch. We are paying particular attention to it. We are monitoring it carefully to make sure that it continues to function like it should. Having said that, we're looking forward to the day when we can replace it and we hope that's not too far in the future.

Mr. Ewasko: Not too far in the future, you're meaning possibly June 2012?

Mr. Farthing: That would be an optimistic time. More likely we're talking about the fall of 2012. We have been working hard to try and have—well, we worked—we were working hard to have it up a year ago, actually, but we had hoped to have it up in June. We've tried really hard to meet that date, but it's not likely. What is more likely is the fall of this year.

Mr. Ewasko: Thank you, Deputy Minister. Have there been any improvements to the co-ordination with other educational institutions in regards to the granting and timing of scholarships, and the processes as well?

Mr. Farthing: Yes, as I said in my introductory remarks, we have not done a lot of work in this area to date, actually. Quite clearly, more could be done, and we will be doing more of what you're talking about, more of this co-ordination between educational institutions regarding scholarships when the new system is up and running. So, this is in the plans. We will be doing more of this kind of work but, to date, we haven't done a lot.

Mr. Ewasko: Just a comment. As I said before, the—student aid is a high level of anxiety causing students who are graduating year after year, and not necessarily the one system, but not knowing well in advance, I guess, besides the CanLearn site, where they can go on and do a, sort of, a mock application, I guess. But is there—has there been any talk about moving the date up a little bit to, say, May, when they're able to start to do the process of applying for student aid?

Mr. Farthing: There has been discussion, in the past, about moving the date up, but there have been some issues and problems with that. I don't know, today—I can't tell you from my own personal perspective whether or not that's something we should be able to, or should try to be—try to do—well, we should try to do it, but whether we'll be able to do it in the future. I think that's something that I need to look into further. But I am told that this has been discussed in the past, so, obviously, others have requested the same thing as you. So we'll take another look at it.

Maybe with the new system in place, that'll create some possibilities, I'm not sure. But, yes, we'd like to move it up. I mean, what we want to do is minimize any frustration or anxiety that students might have with the system, or with working with us. Obviously, that's our—one of our key objectives.

Mr. Chairperson: Are there any further questions in regards to these chapters?

Mr. Ewasko: Just chapter 10, so I'll give you a second to get there.

Red River College of Applied Arts, Science and Technology IT audit. How often is the emergency response plan reassessed to ensure it can respond to any new technological threats?

Mr. Farthing: The college's emergency response plan is reassessed regularly by the Emergency Preparedness Coordinator, and the IT disaster recovery plan is reassessed annually or whenever new technological threats become known, so pretty regularly.

Mr. Ewasko: Is a copy of the plan stored off-site?

Floor Comment: Yes, I believe it is.

Mr. Chairperson: Yes, Mr. Farthing, sorry.

Mr. Farthing: In fact, oh, sorry, okay, thank you. Yes, copies of the college's emergency response plan and the information technology disaster recovery plan are stored off-site, as one would expect and hope. The plans exist at both the Notre Dame campus and the Roblin Centre at the Exchange District campus. But the short answer to your question is, yes, they're stored off-site.

Mr. Chairperson: Any further questions in regards to these chapters? If not, I will ask the committee that if they agree that we have completed consideration of chapters 6 to 10 of the Auditor General's Report, Follow-up of the Previously Issued Recommendations, dated March 2011.

Is there agreement on that? *[Agreed]*

* (22:20)

What is the will of the committee?

I—before we close I just wanted to acknowledge that we won't be passing this report tonight. There are other sections of the follow-up in the April 11th meeting, and future meetings, but I just want to say before we close, then, that—or before I ask the committee's recommendation, to thank the minister and deputy minister and all committee members and staff for staying and allowing us to finish this section. I think the questions were good, the information was good, and I appreciate the fact that we, you know, are trying to move forward so that we can minimize the amount of these types of meetings, perhaps, that you can come to. And we know your time is very valuable, and so I appreciate you taking the time to stay longer tonight and work with the committee to make sure that we were able to finish these questions, and thank you very much.

What's the will of the committee?

An Honourable Member: Committee rise.

Mr. Chairperson: Rise? I note, at 10:21. Thanks, Greg.

Committee rise.

COMMITTEE ROSE AT: 10:21 p.m.

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