

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

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

**Vol. LVIX No. 1 - 7:30 p.m., Wednesday, August 15, 2007**

ISSN 0713-9462

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

<b>Member</b>	<b>Constituency</b>	<b>Political Affiliation</b>
ALLAN, Nancy, Hon.	St. Vital	N.D.P.
ALTEMEYER, Rob	Wolseley	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
BJORNSON, Peter, Hon.	Gimli	N.D.P.
BLADY, Sharon	Kirkfield Park	N.D.P.
BOROTSIK, Rick	Brandon West	P.C.
BRAUN, Erna	Rossmere	N.D.P.
BRICK, Marilyn	St. Norbert	N.D.P.
BRIESE, Stuart	Ste. Rose	P.C.
CALDWELL, Drew	Brandon East	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
CULLEN, Cliff	Turtle Mountain	P.C.
DERKACH, Leonard	Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary, Hon.	Concordia	N.D.P.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
EICHLER, Ralph	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin	Steinbach	P.C.
GRAYDON, Cliff	Emerson	P.C.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HICKES, George, Hon.	Point Douglas	N.D.P.
HOWARD, Jennifer	Fort Rouge	N.D.P.
IRVIN-ROSS, Kerri, Hon.	Fort Garry	N.D.P.
JENNISSON, Gerard	Flin Flon	N.D.P.
JHA, Bidhu	Radisson	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
MACKINTOSH, Gord, Hon.	St. Johns	N.D.P.
MAGUIRE, Larry	Arthur-Virden	P.C.
MALOWAY, Jim	Elmwood	N.D.P.
MARCELINO, Flor	Wellington	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McFADYEN, Hugh	Fort Whyte	P.C.
McGIFFORD, Diane, Hon.	Lord Roberts	N.D.P.
MELNICK, Christine, Hon.	Riel	N.D.P.
MITCHELSON, Bonnie	River East	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
OSWALD, Theresa, Hon.	Seine River	N.D.P.
PEDERSEN, Blaine	Carman	P.C.
REID, Daryl	Transcona	N.D.P.
ROBINSON, Eric, Hon.	Rupertsland	N.D.P.
RONDEAU, Jim, Hon.	Assiniboia	N.D.P.
ROWAT, Leanne	Minnedosa	P.C.
SARAN, Mohinder	The Maples	N.D.P.
SCHULER, Ron	Springfield	P.C.
SELBY, Erin	Southdale	N.D.P.
SELINGER, Greg, Hon.	St. Boniface	N.D.P.
STEFANSON, Heather	Tuxedo	P.C.
STRUTHERS, Stan, Hon.	Dauphin-Roblin	N.D.P.
SWAN, Andrew	Minto	N.D.P.
TAILLIEU, Mavis	Morris	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

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

**Wednesday, August 15, 2007**

**TIME – 7:30 p.m.**

**LOCATION – Winnipeg, Manitoba**

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

**VICE-CHAIRPERSON – Mr. Jim Maloway (Elmwood)**

**ATTENDANCE – 11 QUORUM – 6**

*Members of the Committee present:*

Hon. Mr. Selinger

Mr. Derkach, Mrs. Driedger, Mr. Faurichou, Mses. Howard, Korzeniowski, Messrs. Lamoureux, Maguire, Maloway, Martindale, Swan

**APPEARING:**

Hon. Gord Mackintosh, MLA for St. Johns

Mrs. Leanne Rowat, MLA for Minnedosa

Ms. Carol Bellringer, Auditor General of Manitoba

Mr. Martin Billinkoff, Deputy Minister of Family Services and Housing

Hon. Jon Gerrard, MLA for River Heights

Hon. Theresa Oswald, MLA for Seine River

Ms. Heather Reichert, Acting Deputy Minister, Department of Health

Mr. Kelvin Goertzen, MLA for Steinbach

Mr. Don Norquay, Acting Deputy Minister, Department of Water Stewardship

**MATTERS UNDER CONSIDERATION:**

Auditor General's report – *Investigation of Hydra House Ltd. and A Review of the Related Department of Family Services and Housing Financial Accountability Framework*, dated June 2004

Auditor General's report – *An Examination of RHA Governance in Manitoba*, dated January 2003

Auditor General's report – *Follow-up On Previously Issued Recommendations On Business Planning and Performance Measurement report*, dated December 2003

Auditor General's report – *Environmental Audits – Review of the Province of Manitoba's Management of Contaminated Sites and The Protection of Well Water Quality in Manitoba*, dated November 2005

\* \* \*

**Clerk Assistant (Mr. Rick Yarish):** Good evening. Will the Standing Committee on Public Accounts please come to order.

Your first item of business is the election of a Chairperson. Are there any nominations?

**Mr. Larry Maguire (Arthur-Virden):** I would nominate Mr. Derkach from Russell.

**Clerk Assistant:** Mr. Derkach has been nominated. Are there any other nominations?

Hearing no other nominations, Mr. Derkach, will you please take the Chair.

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

Our next item of business is the election of a Vice-Chairperson. Are there any nominations for this position?

**Ms. Bonnie Korzeniowski (St. James):** I nominate Mr. Maloway.

**Mr. Chairperson:** Mr. Maloway has been nominated. Are there any other nominations? Seeing and hearing none, Mr. Maloway is the Vice-Chair of this committee.

**Chairperson's Ruling**

**Mr. Chairperson:** I regret that we have to start on a bit of a ruling note. It's not the way I like to start a committee but, nevertheless, I have a ruling for the committee.

At the Public Accounts Committee meeting held last March 8, during the last session of the last Legislature, Mr. Lamoureux stated: The Minister of Finance has intentionally misled the Legislature and this committee.

Mr. Swan raised a point of order suggesting that the language used by Mr. Lamoureux was unparliamentary and asking the member to withdraw his comments.

I took the matter under advisement to review *Hansard* and consult with procedural authorities. The words "intentionally misled" have been the subject of interventions in the Manitoba Assembly on a number of occasions. On November 23, 2004, and April 12, 2005, Speaker Hickers cautioned members on the use of this phrase. On March 16, 2005, after a point of order was raised on the use of the phrase, the member in question voluntarily withdrew his comments. Further, on March 12, 1998, Deputy Speaker Laurendeau ruled that the phrase "to intentionally mislead" was unparliamentary and asked that it be withdrawn.

In reviewing these rulings, I note the words and phrases which imply that the House committee has been deliberately misled or deliberately provided with inaccurate or incorrect information has consistently been ruled unparliamentary or cautioned.

As is noted on page 526 of the *House of Commons Procedure and Practice*: "In dealing with unparliamentary language, the Speaker takes into account the tone, manner and intention of the member speaking; the person to whom the words were directed; the degree of provocation; and, most importantly, whether or not the remarks created disorder."

In reviewing the *Hansard* transcript from March 8, 2007, with all these factors in mind, I rule that the words "intentionally misled" are unparliamentary and I would ask that Mr. Lamoureux, please, unequivocally, withdraw them now.

**Mr. Kevin Lamoureux (Inkster):** I would so do so.

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

\* \* \*

**Mr. Chairperson:** Now, if we might just continue to use our time as wisely as we can, the meeting has been called to consider the following Auditor General's reports: No. 1, *Investigation of Hydra House Ltd. and A Review of the Related Department of Family Services and Housing Financial Accountability Framework*, dated June 2004; secondly, *Follow-up On Previously Issued Recommendations On Business Planning and Performance Measurement Report*, dated December

2003; *An Examination of RHA Governance in Manitoba*, dated January 2003; and *Environmental Audits – Review of the Province of Manitoba's Management of Contaminated Sites and The Protection of Well Water Quality in Manitoba*, dated November 2005.

Are there any suggestions from the committee as to how long we should sit this evening? I'm sorry, Mr. Maloway?

**Mr. Jim Maloway (Elmwood):** Mr. Chair, I suggest 9 o'clock and we revisit it then.

**Mr. Chairperson:** Nine o'clock has been suggested. Are there any other suggestions, any other discussion regarding how long we should sit this evening?

**Mrs. Myrna Driedger (Charleswood):** I'd like to recommend 9:30.

**Mr. Chairperson:** Nine-thirty?

**Floor Comment:** Sure, fine.

**Mr. Chairperson:** Is it agreed? Mr. Maloway suggests that he would agree with 9:30. Committee members, is 9:30 an agreeable time then? [*Agreed*] Thank you very much; 9:30 it is.

Now, are there any suggestions as to the order in which we should consider these reports?

**Mr. David Faurshou (Portage la Prairie):** Mr. Chair, I would like to see that there be a modification made in the order in which you have presented the reports. Perhaps we could consider dropping the Auditor General's report as previously recommended on business planning and performance measurement report, dated December 2003, to be the final report considered this evening, in which then the others would be as you had proposed.

**Mr. Chairperson:** So the second report drops down into the fourth spot? Is that agreed? [*Agreed*] Thank you very much.

At the outset, I would like to indicate that there were witnesses called for this evening's meeting. However, because these are the summer months, there are a couple of individuals who are currently on their annual vacation. In view of that, as committee we had agreed that we would not force these people to come back from their holidays to witness this evening. That is regrettable but I think it's practical in not having these people come back during the summer months when they are with their families on their annual vacation.

So we will proceed and if there are any requirements for substitutions, we will deal with

those and we will try to ensure that the questions are answered appropriately so that we can move on with the business that has been set out for us today.

So the first report that we will be dealing with is the Hydra House report. I will ask Mr. Mackintosh—Minister Mackintosh, I am sorry—and Mr. Billinkoff to come forward. Thank you.

Does the minister have an opening statement?

**Hon. Gord Mackintosh (Minister of Family Services and Housing):** No.

\* (19:40)

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

**Mrs. Leanne Rowat (Minnedosa):** Mr. Chair, I do have just a couple of comments. In July 2004, the Auditor General's report reviewed a number of allegations concerning the operation of Hydra House, which was a recipient of public money. It was a service organization that provided services for care and supervision of people with complex mental and physical disabilities, and there were a number of red flags that were identified to government over a period of time. Unfortunately, those red flags were ignored. When the Auditor General agreed to investigate, this was based on a number of allegations that were highlighted to her. These allegations were highlighted to government prior and took some time for the government to respond. I guess, based on that, I'm going to be asking a number of questions based on the recommendations that the Auditor General had put forward.

Based on those questions that I'm going to be raising, the government did indicate that they accepted the findings of the Auditor General. So I'm going to be just wanting to do a little bit of an exploratory process, I guess, in trying to determine if the actions that government said they were going to take have been taken.

As part of the transition agreement with St. Amant, which is now the external service provider for the then-clients of Hydra House, I'd like to know if a review has been done on the operations of care. I believe that there was an agreement that in approximately two years St. Amant would have a review done on the care they're providing, and I'm wondering if that has been done.

**Mr. Chairperson:** Mrs. Rowat, we are in opening statements still, so we'll just delay the response to

your question until after the opening statements have been completed.

Does the Auditor General wish to make an opening statement?

**Ms. Carol Bellringer (Auditor General of Manitoba):** Just a general comment I'd like to make before we get started to introduce my colleague who is sitting on my right, Mala Sachdeva, who's just started with our office as your Deputy Auditor General. She comes to us with many years of financial accountability and financial management experience. Ten years of those she did work with us in the office. So we do know each other, and she has worked in some of the government departments since. So we're really looking forward to working with her over the next many years I'm hoping.

This is, again, a general statement with regard to all of the audit reports that are on the agenda for tonight. They were all prepared before I was in the position of Auditor General, so I'll do my best to either answer questions if I do know the answer, or if we have to we'll take them as notice and get information back to you if I have to go back to the files or the staff in the office.

**Mr. Chairperson:** I thank the Auditor General for the opening remarks, and I thank the critic for the official opposition.

We're ready to begin questions, and I will ask for questions now.

**Mrs. Rowat:** I apologize. I'll re-ask my question. As part of the transition agreement with St. Amant, the Province agreed to conduct a joint review of the operations of the care facilities approximately two years after St. Amant took over the clients from Hydra House. Has this review been done yet?

**Mr. Martin Billinkoff (Deputy Minister of Family Services and Housing):** The review is underway. We anticipate that it'll be completed around January of this year, of the coming year.

**Mrs. Rowat:** Okay. With regard to service purchase agreements, the department had notified agencies or was notifying agencies that they had to be signed as a condition of funding and were expected to be signed by March 31, 2005. I guess the line of questioning is: Are the service purchase agreements in place with all provincially funded for-profit and not-for-profit external agencies as was recommended by the Auditor General?

**Mr. Billinkoff:** We have service agreements in place with a large majority of them. There are all together about 197 agencies that we do business with that we would use service purchase agreements with. We don't do service purchase agreements in some areas because we use other mechanisms. But, of the 197, we currently have 192 that are either in place or that have recently expired and are in the process of being renewed. There are another three that we're negotiating with, new agencies that are just coming on-stream, and we have not yet concluded those. We have two outstanding that we have not yet concluded negotiations with existing agencies because of unresolved issues that we're still working through with them around funding and the like, but we anticipate we'll be able to get those concluded within the next couple of months. In the meantime, we operate as if we do have agreements in place with all reporting requirements and so forth being in effect.

**Mrs. Rowat:** As this was an agreement for condition of funding, I'd like to ask further questions on that. You've indicated 192 have been signed?

**Mr. Billinkoff:** That's right, 186 have been signed. There's another five that have recently expired that were in the process of being signed, renewed actually, organizations that had agreements that have not yet been renewed just because of timing.

**Mrs. Rowat:** The five that have expired and are being considered to be renewed, are there any outstanding issues with the agreements?

**Mr. Billinkoff:** Sorry, I have to get used to that. No, not really. I think they're all expected to be signed shortly. It's mostly people being on vacation. Boards have to approve them and things of that nature, so there's nothing particular that's outstanding on any of those.

**Mrs. Rowat:** What are the five SPAs that haven't been signed? What are the five agencies and the three that are new and the two that are outstanding?

**Mr. Billinkoff:** The ones that have expired and that are in the process of being signed are with B & L Homes; Klinik, their family violence prevention program; ORGOC, which is the Occupational Rehabilitation Group of Canada; Parkland Regional Health Authority and Main Street Project.

Sorry, there're six actually that are in the process of being signed. I may have said five. There's also one with the Salvation Army that's expired and that we're in the process of resigning. The three that are under negotiation with new agencies are with

Neeginan Emergency Shelter, which we're currently not funding. They're undergoing renovations, and we will sign an agreement once they're open again; Red Road Lodge and Siloam Mission, which are two new funding arrangements that we recently announced and we haven't concluded the agreements with them yet. The two that we're still negotiating with are Knowles Centre and Macdonald Youth Services.

**Mrs. Rowat:** In the Auditor General's report, there were some comments made regarding the Winnipeg Regional Health Authority and the question of whether external service provider agreements have been worked on or in place with that agency. Would you be able to indicate to me whether funding or service provider agreements are in place with the WRHA now that this report had made that recommendation?

**Mr. Billinkoff:** We don't really buy services from the Winnipeg Regional Health Authority. I think the Auditor was suggesting that, where we both fund the same organization, we work together and have one agreement or comparable agreements. That's my understanding or recollection, looking at the Auditor, but that would be my understanding. We don't have a service purchase agreement with the WRHA itself, and we have been working with them on a number of agencies that we jointly fund to try and get our agreements either joint or in some situations parallel agreements.

\* (19:50)

**Mrs. Rowat:** Mr. Chair, would the Auditor General be able to clarify the statements made in the report under the recommendations regarding the WRHA and their external service provider agreements?

**Ms. Bellringer:** Mr. Chairperson, could you just repeat, please, the question specifically with respect to the WRHA?

**Mrs. Rowat:** Given that Hydra House and other external service providers are funded by Winnipeg RHA as well as the province through Family Services, there are a number of service purchase agreements that would be needed through the RHA. I think the Auditor General in the report—there was a recommendation by the Auditor General that the Province work closely with the RHA to ensure, here we go: "Given that Hydra and other external service providers were funded by the Winnipeg Regional Health Authority (WRHA)"—this is page 60—"That, in the future, the WRHA implement SPAs with any funded external service providers to reduce undue

risk and ensure that public monies are utilized for the purposes intended."

**Ms. Bellringer:** Mr. Chairperson, I'll answer the question just with respect to, just in general, what I would be looking for today. I don't know exactly what was behind the recommendations that were made. Certainly, we would support limiting the number of agreements that any organization has to enter into with the same government. So if there are multiple departments providing funding, we would suggest that it would be a rather efficient thing to do to try the best we can to try to combine the government requirement so that it can be negotiated in one single document as opposed to several. It's more convenient for the organization, and it's also easier for the government to make sure that all those various agreements are consistent.

Now, and in terms of this one, I mean it would certainly be consistent with what I believe the former Auditor General was recommending in here.

**Mrs. Rowat:** In the progress report that the government put out on Hydra House, an Agency Accountability Unit was developed, and I'd like to ask the minister what the status is of this Agency Accountability Unit. Is it functional? How often has it met? How often has it met since 2005, and whom it reports to? Sort of the framework, and how it's progressing.

**Mr. Mackintosh:** The accountability unit is currently comprised of six original positions, and we've added a further one. It'll be expanded, actually in the coming weeks, even further. But the accountability unit deputy may want to flesh out more details about it. It is, of course, I think the key piece of the change, the systemic change, in how the department has reconstructed a financial accountability mechanism for the agencies that deliver many of the services. As well, there is an agency relations unit that was established in 2005 that provides a support and to help ensure consistency with legislation and policy protocols with the agencies in the Supported Living Program.

One of the main pieces of work of the new accountability unit has been the development of the service purchase agreement initiative and, as you can see from the numbers, how robust that has become. We've moved from 55 SPAs to almost 200. By the way, just to add to the deputy's information, of the new organizations where SPAs will come into force, there is no funding flowing. Like, for example, to Neeginan and Red Road Lodge, there are no monies

flowing yet to them. With Knowles and Macdonald, it's a matter of finalizing some schedules, but all of the ground work has been done for the conclusion of the SPAs with those robust agencies, I will add.

So that has been the main work of the Agency Accountability Unit, but as it expands, because we think it is important to expand, we want to provide, not only through the traditional accountability mechanisms, which, by the way, have included reviews and monitoring of agencies, but looking ahead to doing spot audits or spot checks on a more proactive basis, and, as well, to provide support for the boards and the governance that is in place. These agencies, if you say you have about 200 of them, the people who serve on the boards are ordinary Manitobans, often people who don't come from backgrounds of management or policy direction, and we have to ensure that we create a strong democratization, if you will, of providing these services.

I understand, due to the good will of the Office of the Auditor General, there has been some co-operative work on how the expansion of the accountability unit should unfold and how those positions should be described. So, as I say, in the coming weeks we will be even moving further than the accountability unit that was established as a result of the recommendations of the Auditor General's report.

So perhaps the deputy would have something further to add.

**Mr. Billinkoff:** Well, just, you had asked who it reports to. The unit reports to our Assistant Deputy Minister for Finance and Administration. So it is part of our department central functions. That division doesn't have any direct responsibilities for agencies.

In addition to taking the lead on negotiating service purchase agreements, the unit has developed new financial reporting requirements, has done training for agencies and staff in how to comply with the new requirements, many of which were recommended in this particular audit, has done special investigations where special investigations are necessary, and the like.

So, as the minister says, I mean, as we expand, I think a couple of things we want to do are provide more support to the boards; we find, when we do have problems with agencies, often the problem is really fundamentally weak boards or boards that are struggling and don't really know what their role is, so

we are trying to work with them and we need resources to do that. So we are redeveloping.

**Mrs. Rowat:** It appears that you are working toward the financial accountability piece as well as some of the financial reporting requirements. Could you tell me who the six people are, and did you say there was one extra person hired or is in the process of being hired? I just want to know the people who are in those roles and the backgrounds that they have that are, you know, I guess, the expertise that they are presenting to that board.

**Mr. Billinkoff:** Yes, I don't know the names of all of them. I think the current executive director's name is Paul Cormier. The other staff, I would have to get you the actual names, but, generally speaking, they have accounting backgrounds. Originally, when it was announced that we were creating the unit, there were five positions. Since then we added an additional one within the department. More recently, the minister announced that we will be doubling the unit to 12 positions. So we are in the process of recruiting. We have recruited one of those additional positions, and we are expecting that we will be going through the recruitment process over the next month or so to fill the remainder.

**Mrs. Rowat:** You indicated that there are, you know, special investigations in their monitoring. How are those investigations, if there are situations that enforcement has to occur, what is that process? How does that play out?

\* (20:00)

**Mr. Billinkoff:** Well, we actually have kind of an internal protocol that we had developed because we do get concerns raised from time to time about agencies. So, based on our experience with Hydra House, we need to have a clear process for how we deal with those. So we have a process and the Agency Accountability Unit generally is responsible for co-ordinating our response. They don't necessarily do all reviews, but any time we get an allegation or a concern raised about an agency we log it with the Agency Accountability Unit.

We do an initial review to see whether there seems to be any substance to it. If there does seem to be anything that warrants further work, we would meet with the person—well, usually we would meet with the person who makes the allegation in the first place, except many of them are anonymous, but, if there seems to be anything worth pursuing, we would meet with the agency, either the board or the

executive director, depending on the situation, and, if there appear to be any serious problems, we may require a more in-depth audit, either by the Agency Accountability Unit, or quite often we've used Internal Audit because they are arm's-length from the department. Occasionally, we may contract with somebody from outside government.

**Mrs. Rowat:** Regarding policies or looking at policies that would be developed to address surpluses and deficiencies in budgets, is there a policy developed presently, and has it been implemented?

**Mr. Billinkoff:** Yes, we actually have two different surplus/deficit policies in effect. We have one that we use for non-profits, and most of our agencies are non-profits. Of the 190 or so that I mentioned, I think there are only about five or six that are for-profits. For the non-profits, in part, they're governed by rules that relate to being a non-profit organization, so around surpluses in terms of how they can operate and what can they do with their surpluses, but the policy of our department is that our non-profits can accumulate surpluses but those surpluses have to be used for purposes that were tied to the things to which they were initially intended, and it's not uncommon for agencies to do that. They put outside money to deal with capital expenses that they may have down the road, and so forth.

**Mrs. Rowat:** Is there a cap on the amount of surplus that can be accumulated by an agency?

**Mr. Billinkoff:** We don't have a cap on surpluses for non-profits, but we do monitor them. It's part of our discussions with them when we talk about funding and funding issues. We have a different arrangement for the for-profits that we have. What we've done with the for-profits is essentially worked out a different type of service purchase agreement where we negotiate with them and reach an agreement on the level of compensation that they can draw out of their operation, because how they do that can take a number of forms. It could be salaries. It could be dividends. It could be a number of different ways. So we basically put a ceiling, by agreement with them, on how much of a compensation package the owners can withdraw, and, if they exceed that, we deduct that the next year from the funding that they receive.

**Mrs. Rowat:** Mr. Chair, could Mr. Billinkoff indicate to me the number of non-profits that are running a surplus?

**Mr. Billinkoff:** Not offhand I couldn't, but we could try to provide that for you. Many of them would have



small surpluses. Our experience has been some of them, particularly some of our day programs like Versatech that generate revenues from outside sources, may have significant surpluses—not all of it is from us—and they use that as part of their capital because they need that to operate.

For other types of organizations, the surpluses are usually much smaller and just reflect good business practices on their part.

**Mr. Lamoureux:** Yes, Mr. Chairperson, I know myself and my leader, both have just a few questions in regard to Hydra House and the report. I want to turn to page 4 of the report and just quote it in terms of the need to emphasize the need for the department to improve its financial monitoring procedures. There was a great deal of concern by the public in terms of when they heard of some of the allegations of abuse of public funds and so forth.

It's actually a fairly simple straightforward question. Can the minister indicate what has changed since this particular report was tabled to ensure that there would be more adequate proper monitoring of public funds for these types of agencies?

**Mr. Mackintosh:** Well, the changes are largely but not solely based on the recommendations of the Auditor General in this report but, as well, advice from other professionals and those who have been engaged by the department to enhance financial accountability for all the external agencies that provide important services. I think, really, when you look at the most substantive changes over the last while following the report, you have to look, I think, at the role of the service purchase agreements which provide a clear understanding of the services that are being purchased and the financial expectations and the reporting mechanisms that are in place between the Province and the agencies. That recommendation has resulted in SPAs now as the course of conduct for agencies that receive funding from Family Services and Housing.

Secondary, though, is the capacity within the department, the human resource capacity, the expertise within the department that is necessary when you are relying on outside agencies to provide services. That capacity was, as we know, eliminated in the early '90s. There has been a fair bit of discussion about the impact of that. I think that this report is one of the outcomes of that when you are relying on boards comprised of well-meaning individuals who are providing very important services to usually vulnerable Manitobans, and in

most cases that is the case. It is important that the government have within it an infrastructure of not only financial accountability personnel, but I think as well going that extra mile with proactive support to strengthen the boards.

All of us around this table, I am sure, have had experience on boards, on volunteer boards, and we know how the dynamics can often work. If the boards don't have the insights, the background, sometimes they may not have the important information that they need to make decisions from their own staff. They may be making decisions that are not in tune with what the Legislature intended monies to be appropriated for. So, I see that the service purchase agreements and the unit, the agency accountability and support unit, as two of the key features, but the responses and the changes within Family Services have gone way beyond that. But those two do represent, I think, two of the pillars of the change to enhance financial accountability and reduce the risk of serious shortcomings as documented in the report.

**Mr. Lamoureux:** Mr. Chair, I'll keep the next one quite brief.

Can the minister indicate have there ever been any monies recovered from Hydra House and to what degree, if so?

\* (20:10)

**Mr. Mackintosh:** That was one of the recommendations that there be legal advice on the potential for recovery and how that could be effected, and, as a result, a law firm was retained to look at that, and efforts were made so that there has been a recovery. Perhaps the details could be provided by the deputy, but, as I recall, I think the recovery was in the range of \$800,000. My understanding is that the legal advice on how best to recover and not to throw good money after bad is available to the members, and if the member doesn't have access to that we could provide that to him.

We did exercise due diligence with outside eyes to ensure that the methods of recovery were in the best interests of the taxpayer.

**Mr. Lamoureux:** So the net amount recovered would have been approximately \$800,000?

**Mr. Billinkoff:** Yes, that is correct. As part of the final transactions, there was a recovery to the Province of \$800,000.

**Hon. Jon Gerrard (River Heights):** Just a question here in terms of the initial results which clearly were very shocking to Manitobans in terms of what was happening. It is my understanding that there was an RCMP investigation, clearly, into what happened. Can the minister provide details of what the final result of the RCMP investigation was?

**Mr. Billinkoff:** I am not aware that any charges have ever been laid. The department did refer all the issues that have been identified to the Department of Justice. The Department of Justice Prosecutions looked at that. I believe they also made referrals to the federal government to investigate around potential income tax issues. I can't really answer for that but, to the best of my knowledge, there have never been any charges laid.

**Mr. Gerrard:** You know, it is a little bit puzzling, given what was in the Auditor's report, given the avowed determination of the premier at the time that this came to light that there had to be a very thorough police investigation into the very serious things which had happened. Given the fact that there was \$800,000 which was recovered, presume that some sort of admission that it was stolen or misappropriated. You know, I am very puzzled that there doesn't seem to have been a case taken forward given all that we know. Could the minister explain why this was, and has the minister had a report from the RCMP?

**Mr. Mackintosh:** Well, first of all, the recovery of monies was based on the legal analysis that there would be a basis for a civil recovery of monies. In terms of the criminal side, it is my understanding that when the matter is referred to Manitoba Justice there would be prosecutions or police review of all the available evidence and a decision made as to whether there would be the basis to proceed with charges or not. But that is a decision then that the police make. The government doesn't instruct police on making charges, of course, the member knows that. So, if there would be an evidentiary base for criminal proceedings, which would include not only intent, but, of course, the act, then it's the police that pursues that.

In terms of the Income Tax Act, those matters are always dealt with on a confidential basis by the federal government. I know the member wasn't asking questions about that, but that is one of the reasons we don't know the outcome of that. Those proceedings, by the way, if not resolved, are in the

nature of quasi-criminal proceedings and there may have been outcomes there.

**Mr. Gerrard:** I would expect that there would need to be on the record some indication from the Minister of Justice or to the Minister of Justice why charges weren't laid. Would the minister be prepared to table that, because, I mean, clearly there is a major interest in Manitobans knowing why there were not charges proceeded with?

**Mr. Mackintosh:** If there's any information that the department has received from the police that could be shared publicly, we would be prepared to do that. In terms of the civil proceedings, I believe information is available to members. I think it has been made available in terms of the pros and cons of different avenues of seeking redress there.

**Mr. Gerrard:** One of the things which is clearly pretty important in terms of the handling of this matter. Hydra House facilities were sold to St. Amant, and it's my understanding that some of the staff who had been at Hydra House transferred over to become staff of St. Amant. Clearly, Hydra House had some traditions and culture of the way that people worked at Hydra House.

So I would ask the minister what was done to specifically ensure that the conditions at what were Hydra House and are now St. Amant facilities showed a major improvement in the nature and quality of care and so on?

**Mr. Mackintosh:** Well, as I understand, one of the reasons that the transfer was made to St. Amant was because of the reputation and the strong history of providing services to vulnerable Manitobans through that organization. Of course, now with St. Amant becoming the manager of the homes, that represents a change in governance and, as well, of course, there were changes that were necessary in order to rationalize or make consistent the treatment of employees. So there was a plan that was effected to ensure that there was a transition then of all the human resources.

Perhaps the deputy has any further information.

**Mr. Billinkoff:** The only thing I would add is that at the time the transition occurred St. Amant did initiate a major training program for staff that were coming from Hydra House. They did, basically, apply St. Amant's policies and practices to the operation, and so that did require orientation for the staff that they inherited from Hydra House. There is extensive

training provided and, basically, an adoption of the St. Amant's practices.

St. Amant, as the minister says, was a much larger organization than Hydra House and so had lots of experience and a very solid reputation in the community.

**Mr. Gerrard:** Has there been departmental inspection and checking to make sure that things were, in fact, operating in a much improved culture?

**Mr. Billinkoff:** Yes, we do monitor all our agencies, but, in particular, we monitored the services that were transferred. In follow-up to the transition agreement, there's a two-year review that's underway. We'll examine some of those issues from program perspective and through consultation with staff and families and others.

**Mr. Gerrard:** I understand that there was, not all that long ago, an individual who went to work in one of the facilities which was under Hydra House, is now under St. Amant. She was shocked to find that the practices seemed to be completely inappropriate to looking after the people who were there, and when she reported this she was immediately fired. To her dismay she discovered that one of the people who was at the centre of the operation and the firing was, in fact, somebody who had been working close to the centre at St. Amant—sorry, at the Hydra House.

Clearly, this is a rather disturbing report. I wonder what the minister has done to investigate what's happening. After going through all this, one would have hoped that there would be major changes. Can the minister comment?

\* (20:20)

**Mr. Mackintosh:** Well, first of all, there were allegations made by a complainant and an investigation has been done. The essence of the allegations was in the nature of maltreatment and that investigation is done. I'll ask the deputy to provide further information as a result of that investigation that was done on the department side.

**Mr. Billinkoff:** There was a review done. It was undertaken—actually, several reviews done—St. Amant did its own review of the concerns that were raised. As well, we had staff from our provincial investigations unit, who have a responsibility to investigate any allegation of maltreatment of children in a care facility, also did a review. Essentially, the allegations were not substantiated. We will be sharing the results of this with the

employee, or the former employee, and plan to do that within the next few days once we're able to arrange a meeting.

**Mr. Gerrard:** Will the minister be prepared to table the results of this review at some point in the Legislature?

**Mr. Chairperson:** I'm sorry, Mr. Minister. The question was to the minister.

**Mr. Mackintosh:** Well, the results and any recommendations that can be made public will be made public, but it's first important that the complainant, I think, be given the respect of having the ability to meet with the officials and go through the findings and recommendations. I know that there have been repeated efforts to contact the complainant over the last week or two, so, hopefully, that will be done within days.

**Mr. Gerrard:** Can the minister at least mention the extent to which the whistle-blower act will or will not provide any coverage to the complainant?

**Mr. Chairperson:** Mr. Minister, the question was to you.

**Mr. Mackintosh:** Because it's a complaint, the department has been dealing with the investigation and the issues around the application of any redress through the Labour Board. If the individual wishes to pursue a redress with the Labour Board, it's my understanding that that would apply.

**Mr. Gerrard:** Is the minister saying that the employee is covered by the whistle-blower protection act?

**Floor Comment:** Maybe I could sort of expand on—

**Mr. Chairperson:** Well, the question was to the minister. I do want to keep this as straightforward as we can. I would ask the questioners that if you are asking a question of the minister, that you be specific about that, and if it's to the deputy, be specific about that.

Dr. Gerrard, did you ask your question of the minister?

**Mr. Gerrard:** It's a question to the minister.

**Mr. Mackintosh:** Yes, it's my understanding that the legislation hasn't formally been expanded to agencies like this but recognizing the nature of the allegations and the timing and all that, we think it's important that the individual be afforded a right if she is

dissatisfied with any process to be able to access the Labour Board's procedures.

But the deputy may have further information that may be useful for the questioner.

**Mr. Billinkoff:** My understanding is that the act has come into force, but doesn't yet apply to St. Amant as an employer. That will come on-stream when a number of other agencies are designated under the act. That's my basic understanding. In the meantime, the employee's recourse is really to the Labour Board.

**Mr. Gerrard:** So I got the impression from the minister that the employee was essentially going to be covered, but from the deputy that this is really not covered at this point. Is the minister going to treat this employee as if the whistle-blower legislation was in effect?

**Mr. Mackintosh:** Yes, the answer is yes. The legislation speaks for itself, and it's not extended to this, but the member is making certain assumptions about the firings, and so on, that he may want to wait further information from the report.

**Mr. Gerrard:** An individual who makes a complaint, whether it's valid or not, has certain status which changed as soon as the whistle-blower legislation comes into effect. Clearly, the whistle-blower legislation, as it is now, does not cover employees of St. Amant. But what I'm asking, and what the minister seemed to be suggesting, is that you would act as if it was covering the employees of St. Amant. I'm just trying to get clarification on whether the minister is going to act as if it did or if it doesn't.

**Mr. Mackintosh:** The member is proceeding on the basis of an assumption that this is a case where whistle-blower legislation applies on the facts, and that may not be case.

**Mr. Gerrard:** Well, I mean, it's my understanding that an individual who brings forward concerns about procedures would be covered, and fully covered, under the whistle-blower legislation when St. Amant is covered. The legislation allows for procedures to determine whether those facts are appropriate or not. But the legislation either if it doesn't cover, as it would appear at the moment, this individual because she's employed by St. Amant and St. Amant is an agency which is not covered. But I have the impression that the minister is saying that to the extent that this is a complaint which would fall under

the whistle-blower legislation that the actions would be taken as if the employee was covered.

**Mr. Mackintosh:** Yes. We said, though, if the situation was one that was within the scope of the whistle-blower legislation, then the Labour Board should be available to this person. But that does depend on whether this is a whistle-blower situation as contemplated by the law, and that analysis is part of the results of the investigation.

**Mr. Gerrard:** We look forward to having results made available in due course. Clearly, I think it's in the interest of all of us that the people who are being looked after at St. Amant, the children and the adults, under some of the Hydra House programs, are being looked after appropriately and well and being supported appropriately and well. Of course, that's why the questions, and that's why we've got to make the changes as a result of the Hydra House investigation. So, we look forward to that report and, hopefully, to some material as to what the status is or why there was no proceeding on the basis on the part of the RCMP as well. Thank you.

**Mr. Chairperson:** Shall the Auditor General's report on the *Investigation of Hydra House Ltd. and A Review of the Related Department of Family Services and Housing Financial Accountability Framework*, dated June 2004, pass?

**Some Honourable Members:** Pass.

**Some Honourable Members:** Agreed.

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

We will now move to the Auditor General's report, *An Examination of RHA Governance in Manitoba*, dated January 2003.

I'm sorry. As previously noted, Ms. Wilgosh, who is the Deputy Minister of Health, is not going to be here this evening, and I would like the Minister of Health to perhaps introduce her staff to the committee at this time.

\* (20:30)

**Hon. Theresa Oswald (Minister of Health):** Mr. Chair, this evening, with me is Heather Reichert, who is serving in the capacity of Acting Deputy Minister of Health.

**Mr. Chairperson:** Thank you.

Now, just to formalize this, because I've been informed that Ms. Wilgosh is unable to appear this evening, is it the will of the committee to allow

Ms. Reichert to appear in place as the acting deputy minister? *[Agreed]* Thank you very much.

Madam Minister, do you have an opening statement?

**Ms. Oswald:** In the name of expedient committee working, I will waive my right to an opening statement and we can get down to business.

**Mr. Chairperson:** Thank you.

Does the critic for the official opposition have an opening statement?

**Mrs. Driedger:** I, too, will forgo my opening statement.

**Mr. Chairperson:** Does the Auditor General wish to make an opening statement? Thank you.

**Mrs. Driedger:** The RHAs in this report by the Auditor from 2003 indicated that there was too much interference by government in their business. I'd like to ask the minister, in her discussions with the RHA, what examples of this did they share with the minister?

**Ms. Oswald:** Well, regarding specifically this report, I think what we find, the nature of the report, of course, being a series of observations from the Auditor General based on a survey that was done of opinions of the board members and of the CEOs, I think what we see in the report is a range on that topic. Certainly, there were a certain percentage of respondents who did suggest that they perhaps wished that the regional health authority had more freedom, or entire freedom, perhaps, to set their course. Then there were others who indeed wished that there was more direction from government. So we do see a real range within the context of the report.

So, if the member is asking me specifically what the regional health authorities have said, to me specifically, concerning this report, I can say that there have been no specific discussions on this report with the regions. Certainly, in conversations with CEOs and with board members, there has been a dialogue about really what this survey was about, and that's about governance within the context of RHAs, and good governance, and the elements that make up good governance, and, as the Auditor General's report outlines, the attributes that might do that. So, certainly, there has been any number of conversations about those kinds of things concerning where specific regions might wish to see more direction from government and where specific

regions may wish more autonomy on certain subjects.

**Mrs. Driedger:** Can the minister just confirm, and I'm not sure if I heard that right or not, did she indicate that she, nor any of her predecessors, nor anybody from the department, has spoken with the RHAs about this report?

**Ms. Oswald:** No, that's not what I said. I understood the question to be: Have they spoken to me specifically about the Auditor General's report produced in January of 2003 and its recommendations specifically?

I would say we've not had a specific and direct conversation on the subject of this report, me as an individual. What conversations my predecessors in this chair have had, I would not wish to speak for them. Perhaps the acting deputy minister may wish to elaborate on that, but, certainly, I can say that conversations concerning good governance and what government and regional health authorities, boards and CEOs can be doing to improve governance and indeed improve service on the front-line for Manitobans are a continuing dialogue.

**Mrs. Driedger:** Did any Health minister meet with the RHAs, either at one of their CEO council meetings or at any other time?

One of the major complaints that did come from the RHAs was that the minister never spent time speaking and making visits to RHAs and speaking with them, that most of the discussions came from departments to RHAs and that the minister was often not part of that. My concern and question is around the fact that this was a very interesting report that outlined some very serious gaps and was, as the Auditor had indicated, a good opportunity for beginning dialogue.

Did any Health Minister in this government take that as an opportunity and sit down with the RHAs, at any level, CEOs or otherwise, to discuss what they saw as the problems with governance?

**Mr. Chairperson:** Excuse me, Mrs. Driedger, is your question to the minister?

**Mrs. Driedger:** Yes, it is.

**Ms. Oswald:** Again, I would reiterate that the opinions that come as a result of the survey done by the Auditor General and the very instructive reporting on those opinions, it really has been part and parcel to guiding conversations that exist with government or between government and the regional

health authorities. Certainly, since this report has been produced, there have been a number of actions that have been taken to ensure that those lines of communication are improved. Undoubtedly, that has taken the form of previous ministers speaking with regional health authorities about the issues in this report.

Certainly, when we see in the report a desire on the part of board members and CEOs to have more open and free-flowing information between government and the regions—certainly, we have structures, like, for example, the Council of Chairs, where those chairs meet, and meet with the minister, him or herself, quarterly. There are meetings with the deputy. There are meetings with Health senior executives. There are meetings at the assistant deputy minister and director level chaired by the RHAs.

There are multi types of correspondence going back and forth to ensure that we're working all the time to improve accountability on a number of the issues that came forth as a result of this survey, specifically, on finance, for example, although there are others. So certainly this is an ongoing dialogue. Perhaps the acting deputy minister can speak directly about conversations that may have happened with boards and board chairs and CEOs that may have occurred when I, personally, wasn't in the room.

**Ms. Heather Reichert (Acting Deputy Minister, Department of Health):** Ever since regionalization, there has been a lot of interaction with the regions on governance issues. There are board orientations that happen annually, and often semi-annually, depending on when board appointments are made. Those do deal with governance and what good governance is. Most recently, we've even included the Office of the Auditor General in those board orientations to further enhance the discussion as it relates to the good attributes of governance.

We have had a policy for accountability and governance for the RHAs in place since 2003. Its basis is on the same attributes that are in the Auditor General's report. As a result of that, we do monitor, and the RHAs do report on, what they are doing with respect, and do their own self-assessments of their board governance on a regular basis.

**Mrs. Driedger:** I'd like to ask the minister: With regionalization, Manitoba Health was supposed to devolve a lot more of its authority to regions, and it was a concern raised by the RHAs in the audit. There certainly has been a remaining concern that there has

been a significant amount of authority that still has not been devolved.

I'd like to ask the minister why this isn't happening and why Manitoba Health seems to be reluctant to devolve the power and authority to the regions as was intended with regionalization.

\* (20:40)

**Ms. Oswald:** Again, looking at the report, the survey itself and the report of that survey, we do see a range of opinions in this area. We do see that there are some board members who express the sentiments that the member has cited. We do see others specifically citing that they wish that there was more direction from government.

I think that as we look at the evolution of the RHAs in Manitoba and look at the efforts at continuous improvement at governance, look at continuous improvement in managing the financial elements of health care, there certainly are times where we have regions seeking more guidance from government, and there are times where in the development of their health plans, for example, that the regions very much want to work with their citizens, with their community organizations to look at the unique health needs of their region and develop a vision and a direction for how they wish to go. That has been embraced by government as part of the process of having a regional health authority structure in place.

Are there areas where members of boards or CEOs might think that they would like government to be a little more hands-off? Very likely, and that's why we continue to have an ongoing dialogue about that. But, indeed, there are other areas where board members and CEOs are seeking further support from government—guidance, direction, advice—and government is not hesitant to provide that either. It is, certainly, a team approach and a shared responsibility, and we do, as a result of this report, see a range in opinions in that area and working with the regions is, indeed, an effort to balance both ends of that range.

**Mrs. Driedger:** Can the minister tell us why Manitoba Health is growing in size under the NDP government, that currently there are over a thousand FTEs identified as being funded through Manitoba Health? That is on top of all the administrative staff in the RHAs.

In fact, the thousand FTEs, as it relates to Manitoba Health, have a budget of over \$66 million.

So, if we add that on top of all of the administrative dollars that are being spent at the RHA level, there is in the vicinity of \$183 million being spent in this area on health care in Manitoba. So that seems to reflect that there's a significant amount of that going into administrative costs in this province.

So, when we look at the intent of regionalization, it was to devolve more of the day-to-day to the health authorities, and Manitoba Health was to significantly downsize and then devolve a lot of the day-to-day management over to the health authorities. That doesn't seem to be happening at all. In fact, it is going in the other direction, and contrary to the minister's last response, it was probably more rhetoric than actually what is really happening out there.

So I would like to ask the minister why there seems to be this reluctance, I guess, by Manitoba Health to do what was initially intended to do with regionalization because in fact what is happening, it seems to be that a lot of the authority and power are still being maintained in Manitoba Health and the number of positions are actually going up.

**Ms. Oswald:** Well, I think it's important, as the member has stated, to be clear about what our facts are. She cites a number of 1,000 and also speaks in broad, sweeping terms about administration. I think it's pretty important to make note of the fact that within the context of that number, we are also including Cadham labs. We are also including Selkirk Mental Health Centre, and we are talking about direct service within that context. So we need to be speaking very, very openly about that.

I know that the member is aware that CIHI itself reports in December of 2006 that at the time that the NDP came into government Manitoba had the third-highest percentage of health spending on administration at some 2.2 percent. Manitoba now, or as of that report, December 2006, has the second-lowest percentage of health spending at 1.3. This is CIHI. You know, the members opposite can choose to use CIHI when it suits them and perhaps when the wind blows north-northwest, they don't like to use CIHI but that is indeed something that I think is worthy of note.

I think it's also important to make an observation on the issue of the structure of regionalization from the outset. Certainly, we have reduced the number of RHAs as the member knows from 13 to 11. We note that when we came into government, an RHA system had been set up in Manitoba with two Winnipeg

RHAs, for example, with 14 senior executives. We have subsequently reduced that to one, slashed the number of senior executives, and taken other measures indeed to try to reduce costs, like going from each hospital buying its own insurance. We've centralized that process, going from every Regional Health Authority buying its own ambulances and centralizing that.

So while members opposite may ask broad questions about numbers of individuals that are working and costs within the context of regional health authorities, certainly we do see in this report from January of 2003 that the members that were surveyed said that discussions needed to be ongoing; no question about how their regions would be funded and what would be the best way for their regions to be funded, and that, in the context of this report, needs to be an ongoing dialogue. We know that we want to be making investments in health care on the front line wherever possible and we're working to do that.

**Mr. Chairperson:** Prior to proceeding, I would just like to caution members that we are dealing with a specific report. I've allowed a little bit of latitude on both parts, but I would like to remind members that we are dealing with the annual report that is before us and that comments, questions should be relevant to that report.

**Mrs. Driedger:** Mr. Chairperson, just in comment to what the minister is saying, I can't see how administrative costs have gone down when in the WRHA particularly—when in 1999 they were 5 million and now they're up to 83 million, so that's certainly not a sign of going down.

I would like to ask the minister how government evaluates RHA performance.

**Mr. Chairperson:** Mrs. Driedger, would you please repeat the question.

**Mrs. Driedger:** I'd like to ask the minister how the government evaluates RHA performance.

**Ms. Oswald:** Well, certainly within the context of the report, we see the Auditor General pointing to, well, of course, directed by a suggestion of a model of governance, you know, under four pillars, nine attributes. When it came to the issue of evaluating board performance, for example, it certainly did discuss the issue of decision-making which, I thought, was a very interesting and instructive part of this particular report. When it comes to government as a whole doing an evaluation of how regions would

be evaluated, it's multi-pronged and multifaceted. There would be an annual evaluation, of course, concerning how well they manage the funding that they receive, how well an evaluation of health plans, and how they're able to direct funds in that area.

To go one step further, there's an independent or external audit that's done. There are reviews of strategic plans; there are annual plans in place. There is monthly financial and statistical reporting. There's monthly financial monitoring. Each RHA is required to develop performance deliverables. Again, not wanting to go too far outside of the scope of this discussion, but certainly welcoming questions as we reconvene in a month's time to talk about these issues in the context of Estimates, there are any number of ways that RHAs are evaluated, and, indeed, that government is evaluated by RHAs in their capacity to communicate back and forth and address some of the issues that came forth in this accounting of the results of the survey that was done.

\* (20:50)

**Mrs. Driedger:** The minister indicated that part of the way that government evaluates RHA performance is to look at the annual strategic plans or health plans put forward by the RHAs. Can she tell us how many RHAs actually submit strategic plans?

**Ms. Oswald:** They all do.

**Mrs. Driedger:** Can the minister indicate if they are all expected to post their plans on the Web site, and if all the plans that are listed and are available, if she expects them to be current?

**Ms. Oswald:** It's up to the regions whether or not they wish to post them on the Web site.

**Mrs. Driedger:** Does the minister not think that, in order to be transparent and accountable to the general public, all RHAs should be treated in the same way, and that part of the expectations should be that all of them have updated strategic plans and post them on their Web site so that the general public knows what are the goals for each of their RHAs on an annual basis?

**Ms. Oswald:** I do believe that all regions are treated the same way in that they all have a choice about how they communicate, by Web site or in print form, or however they choose to communicate to the public. I do believe that the very nature of the health plan and the community assessment that's done in building that plan in consultation with community members, with community organizations, in

assessing the needs, that is a very open process and, indeed, would surely have to be in order to develop the very best plan for the unique needs of each region. So they should be afforded the same choices, yes.

**Mrs. Driedger:** Does the minister really believe that that should be a choice when, in fact, there should be some leadership from government, just like there is in every province in this country, where their health authorities are much more transparent and accountable to the public, and it is based on the expectations laid out by government? Does the minister actually really believe that it is okay that a couple of the plans that are on the Web sites are already 2005, of two of the larger regions, and that three RHAs do not even post their strategic plans? Is she really saying she's accepting of that?

**Ms. Oswald:** Certainly, if a region were to choose to put their plans on the Web site, it would certainly be prudent for those items to be kept up to date. There is no question about that.

I do think, just a few moments ago, the member was suggesting that government was too intrusive in telling regions what to do, but now we're not telling regions what to do enough.

In general, I would suggest that an open, ongoing dialogue with the community, whether it's done through the technology of the Internet, whether it's done in print, is really, again, something that the regions have taken on. They are certainly required to report to the public. We want them to be transparent. Indeed, it would be useful for most, not all, people to have that information on-line. It is indeed a good goal for regions to have. It's not, at this time, a goal that government is, in a very militant way, insisting upon; open transparent communication, yes.

**Mrs. Driedger:** Can the minister tell us if there is a government document that describes the vision and direction for Manitoba's health care system?

**Ms. Oswald:** Again, the survey that was done by the office of the Auditor General and that was reported, the survey results that were reported were very instructive in showing us areas where regions wanted to see more communication from government and wanted to see more direction being provided from government. Indeed, there is a mission statement that we have within the context of Manitoba Health, and I believe that the direction of government has been overarchingly clear in the recent months.



Indeed, we want to increase our Health human resources. We want to ensure that people at the front line have the help that they need beside them and that patients on the front line have the help they need. We want more doctors. We want more nurses. We want to ensure that people are getting even better care sooner. We want to ensure that the time that they may have to wait for a quality of life procedure is less today than it was yesterday. So I believe our strategic direction is pretty clear.

**Mrs. Driedger:** Could the minister tell us where one would find a strategic plan that has those types of goals identified in them, where it would be available so that the RHAs in turn could look at it and then align their own strategic plans with those of government. The expectation, the legislation is that the RHAs are to incorporate in their own plans some reference to the government's plan and priorities, but where are they supposed to find the actual document or the actual strategic plan that is easily accessible to them, the same for everybody, so that they and the general public can actually access it.

I know that previous Health ministers have indicated that there is no such document in Manitoba. In fact, a previous Freedom of Information also indicated that this government does not have a strategic plan or a business plan. So I'd like to ask the minister how RHAs are supposed to align their own strategic plans when this government does not produce one? In fact, a previous Minister of Health indicated that there is no grand scheme for health care in Manitoba under this government.

**Ms. Oswald:** Again, I would suggest to the member that I'm not in agreement with her statement. First of all, there is a grand scheme. Again, it's pretty clear: more doctors, more nurses, shorter wait times, better care, sooner, closer to home. That's the direction. I think, in fact, that we have had pretty broad discussion of that strategic direction. More doctors, not less; more nurses, not less; shorter wait times; better care. There it is.

There are strategic priorities since the fall of 2005 that are shared with the regions in helping guide them to do their planning in their community assessment, in their health plans. There's 13 of them, long-term care, a new approach to primary care, physician integrated network, mental health and addictions, wait time initiatives, physician resource co-ordination, Aboriginal health issues, chronic disease prevention, pandemic preparedness, Healthy Living initiatives and strategies, public health

renewal, drug management policy, eHealth provincial programs and emergency services. Within those contexts, those plans get developed and indeed they are shared and they are prepared.

It's arguable, I think, that these kinds of strategic priorities were born out of the report from the Auditor General's office and out of the survey that suggested that despite the comments of the member earlier on that people in regions don't want to have government interfering no way, no how, indeed, they want to have direction, and that's where those priorities came from. That's how we work together to ensure that we're steering the ship in that direction.

\* (21:00)

**Mrs. Driedger:** Just a final question or two, and then I will wind up my questions.

I think the minister's right, and certainly in the Auditor's report the survey of the RHAs indicated they do want direction. They do want a strategy that they can easily access by this government, and there isn't one. The interference, I think, is more related to the fact that hospitals are made to fudge ER hallway numbers. That is what would be interference, political interference. That is what I think the RHAs are indicating when there's too much interference. They're forcing the purchase of a Pan Am Clinic, the bricks and mortar, when in fact that money could have been better spent on health care. That's the kind of political interference they don't want to see. They do want direction. In fact, one of the biggest concerns that they have is that they do not have enough given to them in terms of government, in terms of what the government's priorities are, whether there are measurements in place, targets in place. There is no written strategy out there that is easily accessible.

Is the minister aware that Manitoba is the only province in Canada that does not have a written strategic plan posted on its Web site? Every single government in this country—except I couldn't find very much in terms of navigating Québec's Web site—even the Maritime provinces have an incredible strategic plan, posted by every government. Manitoba is the only government in this whole country that does not have a strategic plan for health care, and I would suggest because of that, that is poor management. I think that is why we spend almost the most in health care. That is why we are rated dead last in this country—

**Mr. Chairperson:** Order, please. Mrs. Driedger, we've been all over the place. Could we channel our questions and comments to the report that is before us, please?

**Mrs. Driedger:** Mr. Chairperson, that is the essence of this Auditor General's report in terms of a major criticism that is coming out of the CEOs and board members that has been identified by the Auditor. That is the essence of what a lot of their concerns are related to, is that there is not enough provided by government in terms of allowing the RHAs to function properly in their ability for governance.

So, based on those comments, Mr. Chairperson, I would ask the minister whether or not she would be prepared to look at the strategic plans that are available across this country and, as the survey respondents have said in this report, whether or not this government would finally be prepared to put together a strategic plan by Manitoba Health that could be broadly and widely known by RHAs, patients, families, Manitobans, taxpayers as to what the goals, strategies, measurements, targets are by her government.

**Ms. Oswald:** I think it's important that we're always learning from our neighbouring jurisdictions, even the Atlantic provinces, and I would indeed think that la belle province also has some pretty instructive things to teach us. I think that the report that I read indicated things like RHA board members, and I'm quoting here, Mr. Chair, and CEOs are confident that to date their RHA boards have had a positive impact on health care. Our survey results revealed much that is positive in the operation of RHA boards and, indeed, it also suggests that there's more work to do.

So we are, again, appreciative of the work of the office of the Auditor General in compiling the survey results of the opinions of board members. We recognize that there's a range. I'm not sure the member opposite recognizes anything on one end of that range. One of the things that this report says most clearly is that communication needs to continue and that, of course, is why over time we have amended The Regional Health Authorities Act and why indeed we're conducting a review of regionalization as we speak.

So are we interested in continuous improvement? Are we interested in planning directions? Are we interested in more doctors, not less? More nurses, not less? Absolutely we are, and I feel pretty confident that the people of Manitoba know we are too.

**Mr. Andrew Swan (Minto):** I wonder if you could canvass the committee to see if there's an agreement to move on to the Auditor General's report on environmental audits until 9:30, and I presume we'll examine where we are then.

**Mr. Chairperson:** Mr. Swan has interjected in the middle of the examination of this report by suggesting that this report be set aside until the end of the session or perhaps until another day and that we then proceed with the next report. What is the will of the committee?

**Mr. Lamoureux:** Yes, Mr. Chair, I understand that there is an agreement that would allow the Leader of the Liberal Party to pose a few questions, maybe for up to 10 minutes on this report, then we will lay it over and go into the business planning and performance report at that time in expectation that we will be able to pass that report.

But, for now, I believe the Member for River Heights (Mr. Gerrard) is going to ask just a few questions, maybe 10 minutes long, and then we'll be going on to the next report.

**Mr. Chairperson:** I have conflicting advice here. Mr. Swan has suggested that we move on to another report at this time. Mr. Lamoureux, that is not what I'm hearing from you. Could I get some clarification?

Mr. Swan, are you suggesting that we move on to another report at this moment?

**Mr. Swan:** I'm asking, Mr. Chair, to canvass the committee to see whether that was the will.

**Mr. Chairperson:** Is that the will of the committee specifically to this question?

**Floor Comment:** No.

**Mr. Chairperson:** Mr. Goertzen, you had your hand up.

**Mr. Kelvin Goertzen (Steinbach):** Well, only as a matter of clarification, Mr. Chair, perhaps the issue has been resolved. I think that there is a willingness of opposition members to allow the independent Member for River Heights to speak to this issue and ask questions for up to 10 minutes and then move on to the business planning report with the expectation that it will be passed before the rising of the committee.

**Mr. Chairperson:** Is that the will of the committee?  
[Agreed]

**Mr. Gerrard:** My first question deals with an item on page 54, the primary accountability relationship for an RHA board is to the Minister of Health. I believe this is a general understanding. I just want to confirm that that's the minister's understanding.

**Ms. Oswald:** Yes.

**Mr. Gerrard:** The minister has the responsibility for appointing people to the boards. Can the minister briefly summarize the process for choosing people?

**Ms. Oswald:** Yes, in consultation with regions in looking at what the needs of the board are and looking at board composition, looking at things such as having people with financial experience, audit-type experience, and ensuring that there's a diversity and a representation of the region as best possible with those that are willing to put their names forward to serve, it's a collaborative approach. Indeed, there are appointments from government, but I feel comfortable in suggesting that it is a collaboration.

**Mr. Gerrard:** Yes, the boards are accountable to ministers, the board presents plans of the RHAs, some of those plans are on the Web site, some are not. Would the minister be willing, at least, to table the most recent strategic plan for each of the RHAs here?

\* (21:10)

**Ms. Oswald:** Certainly, that would be an issue that I would be prepared to explore. Indeed, those plans are submitted by the regions to the minister, to the department, notwithstanding any possible legal or confidentiality reasons why that might not be allowed. Am I able to table them for you right at this instant? No, I'm not. But just wanting to ensure what the legality of that would be, I would be willing to pursue that.

**Mr. Gerrard:** Would the minister also be prepared to table the specific direction that the minister provides to the RHAs in terms of what she is requesting that they achieve?

**Ms. Oswald:** Again, if the member is talking about what the requirements are of the health plans and what kind of guidance is offered to each region in the development of their health plans and in the conducting of their community assessments, what kinds of supports different regions may ask for, what kinds of strategic priorities, the 13 I just mentioned, for example, that kind of information can be made available.

**Mr. Gerrard:** Thank you. Now, this report is disturbing in a number of aspects: 39 percent of board members on page 9 feel that they don't have the proper authority or, put another way, that they have the improper authority to do their job, that only 39 percent of the RHA board members on page 14 feel that the health care is actually improving, and one-third of the board members see themselves as rubber stamps.

Now, given that these are individuals who are put there under the direction of the minister to make sure that we have a health care system which works for Manitobans and that provides quick access to quality care, for example, what I would ask is, given this feeling in a number of areas, that the board members are not able to do the job that they are asked to do, what's the minister's perspective on this?

**Ms. Oswald:** Again, we have in this particular report—and it's an interesting kind of report from the office of the Auditor General in that it is a reporting of observations based on a survey, based on opinions of members of regional health authority boards and of CEOs. Within the context of those observations, we have a range of responses. We have some individuals that feel that their work is very constructive. We have others that are seeking more information. We have some individuals in the context of the survey that feel that they, as individuals, are doing a terrific job but that those people around them are doing less so.

I reflected on that point and tried to think of an organization that exists where that phenomenon isn't alive and well. I tried to suggest that maybe in your own caucus that phenomenon does exist. Really, we need to be paying close attention to the kinds of things that are born out of this survey and out of this discussion and this dialogue. One of the things that comes to the fore, of course, is the issue of how governance can be improved and how accountability can be improved. Certainly, Manitoba Health, working in conjunction with the regions and CEOs, has worked hard to confirm that board governance and financial management elements continue to be in place and enhanced, things like ensuring that expense reports are approved, ensuring that formal financial policies and procedures are in place, ensuring that appropriate human resource policies are in place.

We want to ensure that as a result of this quite instructive and, indeed, ranging opinions about how regional health authorities are working, that we work

to improve. We have seen, since 2003, the enactment of a board governance and CEO accountability policy, which is requiring CEOs to submit monthly monitoring reports. We've seen the Province requiring RHAs to submit a performance review of board governance, including reviews of board by-laws. That has to happen every three years, which, of course, is going to result in conversations at the board level with CEOs and certainly with community stakeholders.

We want to ensure that boards are doing a review of their policies, that they're doing annual reviews of fiscal management controls. Those are the kinds of things that came up in the context of the survey and of those opinions. Those are areas where some people said they wished that government had less of a direct hand, and indeed some said that they wished that they had more. We know that, as elected representatives, we have the responsibility to listen to our constituents and to respond to their needs. Our constituents are the patients that exist in our health-care facilities, in our emergency rooms.

We want to ensure organizations like the Manitoba Institute for Patient Safety, for example, which is something that we hear at the board level is paramount, ensuring that patient safety is at the fore, and ensuring that boards are having constructive and instructive conversations about how that can be improved in their region. We want to make sure that that continues to be an ongoing dialogue, and we want to ensure that people are protected when they're in care, as our boards have told us, that they want to have more guidance and more support from government.

Lastly, we know that, in the name of continuous improvement, starting with this particular report and going—

**Mr. Chairperson:** Order, please. The 10 minutes that was requested has elapsed.

Because it was unclear in terms of what we should do with this report at this time, I will ask the question: Shall the Auditor General's report on *An Examination of RHA Governance in Manitoba*, dated January 2003, pass?

**Some Honourable Members:** Pass.

**Some Honourable Members:** No.

**Mr. Chairperson:** No? The report then is not passed.

Thank you, Madam Minister.

**Ms. Oswald:** Thank you, Mr. Chair.

**Mr. Chairperson:** We will now move on to the next report, which is the Auditor General's report, *Follow-up On Previously Issued Recommendations On Business Planning and Performance Measurement* report, dated December 2003.

Before asking for the minister's opening remarks, I will invite the minister to introduce his staff.

**Hon. Greg Selinger (Minister of Finance):** I have with me Tannis Mindell, the Secretary to Treasury Board, and another senior official on Treasury Board, Drew Perry.

**Mr. Chairperson:** Thank you. Mr. Minister, do you have an opening statement?

**Mr. Selinger:** No, I'm ready to get down to questions.

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

**Mr. Faurchou:** Thank you very much, Mr. Chair.

Just in regard to my participation here this evening, it is in the absence of Mr. Gerald Hawranik, the honourable Member for Lac du Bonnet, who is the official opposition Finance critic.

In the interest of brevity, I will just put on the record the notation from Mr. Hawranik that this is a 2003 Auditor General's report, and in this report it makes reference, and I will quote: "... after 36 months since our recommendations were made, progress has been disappointingly slow. Manitoba is falling behind trends in other provinces with respect to planning, performance measurement and public reporting."

I think that this is the foundation of, and in essence capsulates, the report.

I would leave my opening comments to that, and we do have a couple of questions as follow-up.

\* (21:20)

**Mr. Chairperson:** Does the Auditor General have an opening statement?

**Ms. Bellringer:** No, I don't.

**Mr. Chairperson:** Thank you.

Are there questions?

**Mr. Faurchou:** In regard to the dated nature of this report, I would like to ask the Auditor General, being

that there has been a change in the Auditor General's position since this report was published, is the Auditor General in consideration of updating this report in her tenure?

**Ms. Bellringer:** Mr. Chairman, yes. In fact, we have already initiated some discussions around performance reporting, risk management, and all of the other. It is a topic that doesn't go away.

The report was actually a follow-up in 2003 of recommendations that were made originally in 2000, and, certainly, much has changed since then. So we are wanting to get a full understanding of the whole position of the government on the accountability framework and various other new trends in performance reporting and how all of that is measured.

**Mr. Faurchou:** Thank you. I do appreciate the Auditor's undertaking of continually continuing to make progress in this regard, because I believe anyone who serves in government, the element of planning for good conduct as far as expenditure and cost-effectiveness of government as well as performance of government is fundamentally based on planning.

I would like to ask the minister in regard to the original report indicating that there is a great need for active participation of elected officials, MLAs who either serve in Executive Council and as in the capacity of MLAs, there was a noted absence of input from elected officials toward the process of planning. I want to ask the minister whether it is his intent to actively make provision for MLAs and municipal officials, elected in the capacity to represent, the opportunity to participate in the active planning of department.

**Mr. Selinger:** I just want to clarify, are you asking if all MLAs, including opposition MLAs, can be involved directly in planning for departments?

**Mr. Faurchou:** It is that they have the opportunity to put forward their ideas as they represent their constituents and to make certain that the engagement of the elected officials, whether they be provincial or municipal, have the chance to put forward what their constituents see as priorities in the planning for the future of their constituency.

**Mr. Selinger:** Well, I am going to answer the question in a couple of ways. I think the member knows that we operate under a plurality system of government where, clearly, the group with the largest

number of elected officials gets to be the government.

**Floor Comment:** It shouldn't be that way.

**Mr. Selinger:** Well, if you would like to discuss electoral reform, I would be happy to do that in another venue, and it could be interesting. There could be things we could do. But, under the current system, we have a fusion between the legislative body and the executive body in the way our Legislature operates. It's a British parliamentary system where we have that fusion between the executive and the majority group that is elected to the House or the Legislature. Under that system, the executive is selected by the Premier, and the ministers who form a part of that executive or the Lieutenant-Governor-in-Council are responsible for their various departments, and, of course, all ministers, as I understand it, have always been and will continue to be open to suggestions, comments and recommendations from MLAs from anywhere in the House, regardless of which party they belong to or which grouping they are involved with, whether they are Independents or opposition members or members of the caucus of the governing party.

They would be foolish not to listen to the ideas and concerns and the priorities being expressed to them. Then, of course, they are responsible to work with their senior officials in planning the program and priorities for their department and reflecting that program and those priorities in a strategic plan, which they have performance measures that they are being asked to identify of how that plan is being accomplished. Those performance measures are to be published in their annual reports and, of course, always available for examination and questioning in the House during Question Period as well as during Estimates, as well as during standing committee hearings when we review various matters of concerns, including here.

So, on one level I'm saying the fundamental structure of our system is not changing, but there is ample opportunity within that for input from MLAs with respect to any matter on any department they wish to raise. I know, for example, the member, in his role as critic for consumer and corporate affairs, has raised many issues with me, and I would hope that I've usually listened to him and tried to find a way to respond to that where constructive suggestions have been made.

**Mr. Faurchou:** I appreciate the recognition of co-operation and understanding in the portfolio of

consumer and corporate affairs, but the report from the Auditor General looks to have a more formalized engagement of elected representatives in the planning and performance measurement of government expenditure and services. So that's where I was going with this, but we can discuss it further. I understand there are a couple of questions from other members.

**Mr. Lamoureux:** I want to kind of pick up on the issue the Member for Portage la Prairie is talking about because I do think it's a very important issue we have before us, the Auditor's report that includes providing opportunities for elected officials to play more of a role in terms of ensuring proper management, government efficiencies, and so forth. You can even sense, it's on page 1, the reflections from the Auditor General. You can even sense some of the frustration with the Auditor that was quoted on in the opening remarks from the Member for Portage la Prairie. I know that I share a great deal of the frustration at times in terms of, as a member of this Legislature, that there are many ways in which this Legislature could be more effective in holding government accountable in different ways, including in the whole area, Mr. Chairperson, in regard to the business planning and in the performance measurements.

What I have seen are areas that have changed, that have in essence taken away, and I haven't seen things that have allowed for more accountability. If I was to give the minister just a couple of examples, specific examples, of what I mean: we passed the Hydra report earlier today and we spent 20 minutes, 25 minutes this evening, and it passes. This is a report, if it was before the committee in a proper timing and we were able to thoroughly be provided the opportunity to discuss it, then what would happen is that I would feel that opposition members, government members would take that much more in terms of extra time to do some of the background work which means that the government will, in fact, then be a little bit more—I don't want to use the word accountable—but a little bit more effective because opposition can be productive. I think sometimes we deny that productivity, and that's why it would be nice to see—

**Mr. Chairperson:** I'm sorry to interrupt, but it was previously agreed that the committee would rise at 9:30. I have had a brief discussion with the Government House Leader (Mr. Chomiak) that suggested that we may want to amend that agreement that was established at the beginning of this session.

So what is the will of the committee?

**Mr. Swan:** One comment, Mr. Chairperson. I think that is the will of the committee to proceed until 10. I believe it's also the will of the committee that we get on with passing the business planning report and then get on to the contaminated sites report as well with a view to passing that by 10 o'clock.

\* (21:30)

**Mr. Chairperson:** Not presuming what the outcome of each report will be, let's deal with the simple question of whether or not the committee should sit beyond 9:30, until 10 o'clock.

Is it agreed to have the committee sit till 10 o'clock?

**Some Honourable Members:** Agreed.

**Mr. Chairperson:** Agreed. That is agreed to. Let us proceed.

**Mr. Lamoureux:** Yes, and Mr. Chairperson, I am going to wind up. But to indicate to the minister that there are initiatives that the government needs to work with all members of the Legislature in order to make the Province work even better. It could mean, whether it's Public Accounts, whether it's the Estimates process, sitting times, things of this nature, and it can make a positive difference. I guess it's more so just acknowledging that from the Auditor's office in this report and just appeal to the minister for his most serious consideration to what it is I've said. Thank you.

**Mr. Selinger:** I thank the member for the comments. I sense he's sincere in the way he's putting them forward tonight, and I take the tone is different than the last time we encountered each other and I appreciate that.

That being said, I just gave a response to the Member for Portage la Prairie (Mr. Faurchou), and I'll expand on that a bit. I think there are lots of opportunities where members are sincere and they have a legitimate concern, or a priority, or something they think government should be addressing. Ministers, I think, generally, and I know in my case, will meet with MLAs and discuss their concerns and try to do something about it. Whether it's at a specific case level, a program level, a regional level, or a broader policy or legislative level, I think there is a willingness to do that. I know department officials at the senior level are also open to ideas there, too.

I mean, it's clear we're here to improve the quality of life for Manitobans, and, if there are good ideas on how to do that, why wouldn't we consider them. If they're advanced in a way that's not, for example, headline-shaking or, you know what I mean, not trying to politicize them and make them into a point scoring exercise, which puts the government in a defensive posture, then, of course, I think we will—it's a matter of building trust to make things happen. I certainly am willing to do that, and I think many of my colleagues are willing to do that, too.

How we would formally change the structure to do that, I'm open to suggestions on that, but I would like to think that the Legislature has at certain periods during its four-year life, for example, ample opportunities to do things before the pre-electoral period heats up and some of that trust perhaps vanishes for a period of time. But in other times I think we should be able to co-operate together to improve programs and services, particularly when they're done in a way that's not, as I suggested earlier, just trying to score points but trying to improve things for people. If the member has any specific suggestions on anything, I, for example, would be willing to listen to him, and I know my other colleagues would, too, and I would encourage them to do that.

**An Honourable Member:** Question.

**Mr. Chairperson:** So, the Auditor's report on the *Follow-up On Previously Issued Recommendations On Business Planning and Performance Measurement* report, dated December 2003, pass?

**Some Honourable Members:** Pass.

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

We will now move on to the Auditor General's report, *Environmental Audits – Review of the Province of Manitoba's Management of Contaminated Sites and The Protection of Well Water Quality in Manitoba*, dated November 2005.

As previously agreed to, Mr. Selinger, the Minister of Finance, will answer the questions in this area.

It is my understanding that the Acting Deputy Minister of Conservation, Mr. Fred Meier, will be standing in for this session. Is that correct?

**Mr. Selinger:** If it's contaminated sites, the acting deputy would be Fred Meier. If it's boil water orders, the acting deputy would be Don Norquay. So we're

prepared to go in either direction. Both are contained within the report.

**Mr. Chairperson:** Okay, just to formalize this, I've been informed that Mr. Don Cook, Deputy Minister of Conservation, is unable to appear this evening. Is it the will of the committee to allow Mr. Fred Meier to appear in his place as acting deputy minister? *[Agreed]* Thank you.

Mr. Minister, do you have an opening statement?

**Mr. Selinger:** No, I'm ready for questions.

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

**Mr. Faurchou:** No, Mr. Chairperson.

**Mr. Chairperson:** Does the Auditor General have an opening statement?

We're open for questions.

**Mr. Faurchou:** I would like to ask the Auditor General: As it was indicated in past examination of this report that the Auditor General was going to commence an update to this report in the latter half of 2007 for publishing in early 2008, is that still in the offing?

**Ms. Bellringer:** Yes, Mr. Chairperson, that's correct.

**Mr. Faurchou:** In light that the new report will be coming within the next six months, I will just go to a current issue and that being the publishing of the provincial boil water advisories. It was indicated at last committee that the minister was committing, once again, to seeing that the boil water advisories are available via the Internet on the government's Web site. As current as this afternoon, that has yet to be undertaken.

Could the minister advise or deputy minister advise as to the progress in this regard?

**Mr. Chairperson:** Ms. Bellringer, or was the question to—I'm sorry. It was to the deputy minister, Minister Norquay.

**Mr. Selinger:** I'll start if you wish. He asked either one of us.

**Mr. Chairperson:** Okay, Mr. Minister, you're prepared to answer the question. Proceed.

**Mr. Selinger:** I'll get the ball rolling. There is work being done toward having that information available on the Internet. The timing of that we can check with the senior administration, if you wish, about when they think they can get that ready.

**Mr. Faurschou:** The other issue was that the regulations for semi-private wells that made water available to more than 15 households was covered in the, I believe, it was 2002 legislation, the safe water act. We're now almost five years after. Are the regulations ready to go and progress with that legislation through regulation?

**Mr. Don Norquay (Acting Deputy Minister, Department of Water Stewardship):** Yes, Mr. Chairperson. The regulations in The Drinking Water Safety Act came into force on March 1, 2007. Those are two regulations: the Drinking Water Safety Regulation and the Drinking Water Quality Standards Regulation.

**Mr. Faurschou:** Good. I'm pleased that that now has taken place.

In regard to the boil water orders, there are some fairly significant affected communities by population. I would just want to ask the deputy minister in regard to some of the orders: Does he work closely with the Water Services Board and the conservation districts that both have a vital role to play in addressing these communities' need for quality water?

**Mr. Norquay:** Yes, indeed, we have a very good ongoing liaison with the Water Services Board. It is a criterion for consideration in funding by the board that boil water advisories, if there isn't one for the municipality in question, would elevate the priority of the funding for the board. We do work, of course, very closely with conservation districts and, indeed, have a very good pilot program in the area of ground water in the East Interlake Conservation District where we've hired students to go out and test every single well and map every well and provide GPS coordinates for every map in the district, and we hope to expand that to other areas.

\* (21:40)

**Mr. Faurschou:** I appreciate the ongoing liaison because it is a long-standing consideration by municipalities and conservation districts that the Water Services Board, which provides funding to vitally needed projects throughout the province, is woefully underfunded. My understanding is if all projects were approved it would be 80 years before they'd get to all projects already applied for at the current level of funding. I would suggest that that perhaps is a little long to wait for some of us around the table. We may not see that day arrive. But,

anyway, I want to leave that with the Minister of Finance who is sitting at the table this evening.

The other interest is the lack of public understanding or awareness of the availability of water testing. The report from the Auditor General's office states that under their survey and evaluation, less than 15 percent of Manitobans knew of the services available to test their water. Also, too, by personal examination, we understand that holidays are required.

But to get no answer when you call the government number asking for water testing for close to two days, I believe the government, in the critical nature of water, that this something that the government should be addressing. Would the minister concur?

**Mr. Selinger:** Yes, and I was hoping the member would allow me to have the acting deputy respond to some of the specifics. But in general terms, of course we should provide service in a timely fashion when people need information, and we should have that information widely available, including on the Internet.

But I'll ask the acting deputy minister, with your permission, if he would like to add any additional comments.

**Mr. Norquay:** With respect to the question of the communication of the availability of the bacteriological analytical subsidy program, a good indicator of how successful you can be in communication is, the 2005 year where we communicated that there would be free testing, and quite broadly, because of the extra-heightened risk due to the flooding—the risk of contamination was increased—we had over 16,092 tests done in addition to 7,000 regular tests done in that year, roughly. That's over half of the drinking water wells in the province.

**Mr. Faurschou:** I do appreciate that. That is a significant increase year over year, as you say. But I, once again, want to make certain that if by survey, perhaps, as the Auditor General did, it would be to make certain that we're getting value for money in our advertising and to make sure that people know that this valuable service is available.

I understand my honourable colleague from River Heights has a couple of questions as well.

**Mr. Gerrard:** Yes, I have questions on both sections, but for convenience I will start with the



latter section dealing with the boil water advisories. There's a discussion on page 113 and a comment with regard to the fact that when there is contaminated water and there has to be a boil water advisory, that one of the things that's done is an investigation of the cause of contamination.

Are the results of the investigations that are done on each occasion on file and available?

**Mr. Norquay:** Seeking clarification, the results of investigation into—

**Floor Comment:** —the causes of the probable water contamination.

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

**Mr. Gerrard:** Mr. Chairperson, it says here: point 6.2 on page 113: "Investigations to determine probable cause of water contamination should be conducted in a thorough manner."

The issue here is I'm presuming that such investigations are done when there is contaminated water, and a boil water advisory is the result of those reports on file. Are they available, and where are they publicly available?

**Mr. Norquay:** These reports are documented in the Office of Drinking Water.

**Mr. Gerrard:** These reports would be readily available through access to information requests? Is that correct?

**Mr. Norquay:** Yes, subject to the normal limits on access to information regarding privacy requirements.

**Mr. Gerrard:** Let me address one specific area. There have been problems in the reservoir for Pilot Mound and, most recently, there has been a problem and a boil water advisory for Pilot Mound. I know it was put in place quite recently. I don't know whether it's still in place. I presume it is.

Is the report of the investigation of this available, and can the deputy minister provide some indication of what the cause of the contamination was?

**Mr. Norquay:** There was a boil water advisory for the Pilot Mound water system issued July 20, 2007. The boil water advisory was rescinded August 10, 2007. The water system is operating satisfactorily and all requirements have been met to produce a safe water supply. I do not have the information at hand as to the cause of the issue of the boil water advisory

in that particular circumstance, but it has been rescinded.

**Mr. Gerrard:** Will the minister commit to providing the report on the reasons for the results of the investigation into the contamination?

**Mr. Selinger:** I'll take that under advisement. I don't know what the rules are specific to that. I do note that the boil water advisory was issued by a medical officer for the region and a Drinking Water officer and that it was rescinded by a medical officer of Health and a Drinking Water official as well. I'll endeavour to find out what the public reporting availability of that is. The positive news is that the order has been rescinded, which means the drinking water is deemed safe by the appropriate Health and Drinking Water officials. As to whether the cause is publicly available, we'll have our officials sort that out and get back to you as soon as possible one way or the other.

**Mr. Gerrard:** Just to clarify, I'm assuming then that the minister is committing, provided there is an investigative report, which one presumes there is, to making that available to members, provided there's not some unexpected confidentiality issue, which would be a little bit surprising.

**Mr. Selinger:** That would capture generally what we're saying.

**Mr. Gerrard:** Okay, thank you.

I'd like to move to the mines contamination at this point, if I could.

**Mr. Selinger:** With your permission, we'll just ask the acting deputy minister for contaminated sites to attend at the table.

**Mr. Chairperson:** Mr. Selinger, will you please introduce—

**Mr. Selinger:** I just want to clarify that we have the acting deputy minister for Conservation, and Mines is in another department. It's in Energy, Science, Technology and Mines now. This is strictly Conservation, but they do deal with contaminated sites, including orphaned and abandoned mine sites.

**Floor Comment:** Let me ask the question and we'll see how we do. Some of the answers—

**Mr. Chairperson:** Just for clarification, no, just a moment, please, Dr. Gerrard. I think perhaps Mr. Selinger wants to clarify his last statement.

\* (21:50)

**Mr. Selinger:** We don't have the deputy minister here for Mines. They're responsible for looking after their sites, including abandoned sites. We do have the deputy minister here for Conservation which looks after other contaminated sites such as abandoned gas stations, but we're prepared to try and answer any question you may pose, and I'd be happy to hear it now.

**Mr. Gerrard:** Okay, I will proceed. Part of this question may fall under the purview of the minister himself. In this report, the Auditor General, it is my understanding, has looked on page 1, that provincially owned contaminated sites, orphaned and abandoned mines, and orphaned and abandoned fuel storage sites total approximately \$75 million for environmental liabilities. That was the estimate which was done at that particular point.

Now, it's my understanding that the government has continued to work on some aspects of the orphaned and abandoned mine sites and that last year, the Minister of Finance, I believe, made allocations of dollars, or his government committed allocations of dollars, for clean-up at the mine sites in Lynn Lake and Leaf Rapids and in Sherridon. I don't have the precise figures but my recollection is that the number for those three sites is actually a little more than \$75 million. Is that correct?

**Mr. Selinger:** As I understand it—and you're addressing an accounting issue here—there has been an accounting done of the cost of cleaning up contaminated sites of all kinds, mines, gas stations, et cetera. You're right, there has been money allocated to Lynn Lake, to Sherridon, and, I believe, also Leaf Rapids to start putting in the necessary procedures to contain the pollution there, to contain the contamination, and to start ensuring that those areas do not suffer any greater damage. There has been an allocation for that.

First of all, it's been accounted for. The accounting is not finalized. There is still ongoing work going on up until the year 2009 to ensure that we've captured as much within the reporting entity on an accrual basis as possible of the potential future liabilities. But, even though that accounting procedure and verification procedure is proceeding, there are measures that have been taken as early as this year, in the last budget cycle and in this budget cycle, to start addressing some of these contaminated sites.

**Mr. Gerrard:** Now, it's my understanding that the monies allocated at this point will not be sufficient in

any way, shape or form to completely clean up the three sites.

**Mr. Selinger:** The monies allocated are those requested by the department to do the measures and put in place the containment measures they think they can accomplish under the existing budget that they have available to them. So they're not saying they're solving the entire problem but they are moving on mitigating the risk in the most serious aspects of those problems, and they will probably come back for further allocations in the future.

So, no, we haven't allocated 75 million, for example. We have allocated some millions of dollars to get the process started.

**Mr. Gerrard:** My concern is that based on not only what you've allocated at this point and the fact that it will not be anywhere near sufficient to clean up these contaminated sites and restore them to what they should be, that it is very likely that there has been a dramatic underestimation of the liability on all sites, given that these three sites are very costly and probably alone will significantly overuse that \$75 million.

**Mr. Selinger:** As I said earlier, the books are still open, in effect, for estimating the cost of cleaning up these contaminated sites. The preliminary estimate was in the order of 75 million. If the number has to be increased and the liability is evaluated to be of a greater magnitude in terms of the cost, we can do that, up to 2009. We can do it after that, too. It has different accounting implications but up till 2009, we have an understanding that ongoing work will be done. Some of the preliminary work may find that the costs are greater than originally anticipated, in which case, we will increase the resources necessary to do the job. But there is a commitment to start dealing with these contaminated sites and get a process in place not only to account for them, but to start cleaning them up.

**Mr. Gerrard:** My question to the Auditor General: The work in the report which suggests that there's a \$75-million environmental liability, how satisfied are you, the Auditor General, in this report that that's a reasonable estimate of the environmental liability? My concern is that you've actually dramatically underestimated it.

**Ms. Bellringer:** Can I just add something? The \$75 million was the number that was known at the date of the report, and it was known at that time that the number would increase. Every year when the

Public Accounts is issued, there's a note in the financial statements that shows the—and it has already been reported at an increased level.

Well, in fact, if I get home to review the financial statements, I'll be signing the audit opinion tomorrow. But the financial statements for the 2007 year-end will include another number in there. I'm not at liberty to disclose that because the audit hasn't been officially complete, but perhaps somebody has those figures here.

I believe the last time we went through this, and it would have been the 2006 number, it was 125. *[interjection]* It was higher than that last year? Yes. But it definitely is higher than the \$75 million in the report.

**Mr. Chairperson:** Just before I proceed, I will go to Mr. Selinger who would like to make a statement.

**Mr. Selinger:** I think the Auditor General has just in another way indicated what I was trying to indicate, that there's an ongoing evaluation process going on, and if the number has to be increased to recognize the reality of greater costs for dealing with these contaminated sites, it will be reflected in the books, and resources will be allocated over time to clean them up.

**Mr. Gerrard:** I am just concerned with the inaccuracy of the initial \$75-million estimate. I would ask the minister, where was the problem that this number was so inaccurate?

**Mr. Selinger:** My speculation would be that it was a preliminary estimate subject to further due diligence. They had to get a number in place to get the process started. That was their best guesstimate at the time. Everybody knew that further work would have to be done in terms of examining the specific contaminated sites, and, as you know, in all things these days, a number of \$75 million three or four years ago by inflation alone and the increased cost of doing these remediation measures is going up.

So there are two things happening. The cost of doing the work has gone up, and the quantity of work that has to be done has also increased. So the

magnitude of the problem may have increased. The quantity of work may have increased and the cost for doing the work may have increased. All of these add to a higher number.

So I don't think there was anything inappropriate in the original number, but it was a place to start and further refinement was required as time went along.

**Mr. Gerrard:** Very quickly, can the minister provide a breakdown of the \$75 million site by site and of the current number when it's available very shortly, site by site?

**Mr. Selinger:** We will provide further numbers about the updated estimate. I've got some of them actually here. As soon as they become public, we'll get them to you. If there's a way to break them down and give estimates by site, we'll be happy to do that as well.

**Mr. Chairperson:** Shall the Auditor General's report on the *Environmental Audits – Review of the Province of Manitoba's Management of Contaminated Sites and The Protection of Well Water Quality in Manitoba*, dated November 2005, pass?

**Some Honourable Members:** Pass.

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

Just before we adjourn, I would like to recommend to the committee that although we have had difficulty in getting people to attend at these meetings because of holiday schedules, et cetera, that the House leaders be asked by this committee to perhaps consider an early meeting of the Public Accounts Committee once the House resumes in September. Is that agreed? *[Agreed]* Thank you very much.

The hour being 10 o'clock, what is the will of the committee?

**Some Honourable Members:** Committee rise.

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

**COMMITTEE ROSE AT:** 9:59 p.m.

The Legislative Assembly of Manitoba Debates and Proceedings  
are also available on the Internet at the following address:

**<http://www.gov.mb.ca/legislature/hansard/index.html>**