

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

Chairperson
Mr. Jack Reimer
Constituency of Southdale

Vol. LIV No. 1 – 1:30 p.m., Monday, October 27, 2003

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MANITOBA LEGISLATIVE ASSEMBLY
First Session—Thirty-Eighth Legislature

Member	Constituency	Political Affiliation
AGLUGUB, Cris	The Maples	N.D.P.
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ALTEMEYER, Rob	Wolseley	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
BJORNSON, Peter	Gimli	N.D.P.
BRICK, Marilyn	St. Norbert	N.D.P.
CALDWELL, Drew, Hon.	Brandon East	N.D.P.
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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.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HICKES, George, Hon.	Point Douglas	N.D.P.
IRVIN-ROSS, Kerri	Fort Garry	N.D.P.
JENNISSEN, 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.
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LOEWEN, John	Fort Whyte	P.C.
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MELNICK, Christine	Riel	N.D.P.
MIHYCHUK, MaryAnn, Hon.	Minto	N.D.P.
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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

Monday, October 27, 2003

TIME – 1:30 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Jack Reimer (Southdale)

VICE-CHAIRPERSON – Mr. Jim Maloway (Elmwood)

ATTENDANCE - 10 – QUORUM - 6

Members of the Committee present:

Hon. Messrs. Gerrard, Selinger

Mses. Allan, Oswald, Messrs. Maloway, Reimer, Rondeau, Mrs. Taillieu

Substitutions:

Ms. Brick for Mr. Reid
 Mr. Faurschou for Mr. Maguire

APPEARING:

Mr. Jon Singleton, Auditor General,
 Province of Manitoba

MATTERS UNDER DISCUSSION:

Public Accounts Volume 4 for the fiscal year ending March 31, 2000

Provincial Auditor's Report on Business Planning and Performance Measurement: An Assessment of Timeliness of Implementation and Effectiveness of the Process in Departments for the period ending July 2000

Public Accounts Volume 1, 2, 3 and 4 for the fiscal year ending March 31, 2001

Clerk Assistant (Mr. Rick Yarish): Good afternoon. 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 for this position?

Mr. Jim Maloway (Elmwood): I would like to nominate Jack Reimer.

Clerk Assistant: Mr. Reimer has been nominated. Are there any other nominations? Hearing none, Mr. Reimer, will you please take the Chair.

Mr. Chairperson: Our next item of business is the election of a Vice-Chairperson. Are there any nominations?

Ms. Nancy Allan (St. Vital): I nominate Jim Maloway.

Mr. Chairperson: Are there any other nominations? Hearing no other nominations, Mr. Jim Maloway is elected Vice-Chairperson.

Committee Substitution

Mr. Chairperson: Prior to proceeding with other business, we would like to deal with some committee resignations and substitutions. I have before me the resignation of the Honourable Daryl Reid, effective immediately.

Are there any nominations to replace Mr. Reid?

Mr. Jim Rondeau (Assiniboia): I would like to nominate the Member for St. Norbert, Ms. Brick.

Mr. Chairperson: Are there any other nominations? Are there any other substitutions? Is that agreed? *[Agreed]*

* * *

Mr. Chairperson: On October 22, 2003, the Clerk of the committee circulated a letter to

committee members requesting submissions for agenda items or questions regarding detailed answers. As we did not receive any agenda items or questions for this meeting, we will be considering the reports which have been referred to this committee as follows: Public Accounts Volume 4 for the fiscal year ending March 31, 2000; the Provincial Auditor's Report on Business Planning and Performance Measurement: An Assessment of Timeliness of Implementation and Effectiveness of the Process in Departments for the period ending July 2000; Provincial Auditor's Report: An Examination of School Board Governance in Manitoba dated October 2000; Provincial Auditor's Report on Compliance and Special Audits for the fiscal year ended March 31, 2001; Public Accounts Volume 1, 2, 3 and 4 for the fiscal year ending March 31, 2001.

I would like to take a moment now to draw the committee's attention to a letter that has been provided to all members of the committee table. This letter is from the members of the Alberta Public Accounts Committee who wish to extend their appreciation to the Manitoba committee for their hospitality during the Canadian Council of Public Accounts Committees Conference, which Manitoba hosted last month in Winnipeg. Yes, a very nice conference.

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

Ms. Allan: I would like to suggest that we sit until we can get through as much business today as is on our agenda.

Mr. Chairperson: Is that agreed? Any other comments? *[Agreed]*

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

Ms. Allan: I suggest that we go through them as they are listed on our agenda. I also, though, understand that there is agreement to table the Provincial Auditor's Report: An Examination of School Board Governance in Manitoba dated October 2000 and the Provincial Auditor's

Report on Compliance and Special Audits for the fiscal year ended March 31, 2001. I understand there is agreement to table these items until our meeting in November.

Mr. Chairperson: Yes, I understand that we can just pass them over. There is agreement on that. Thank you.

I will now invite the honourable Minister of Finance to make an opening statement. I would also ask that he please introduce the officials in attendance.

Hon. Greg Selinger (Minister of Finance): Mr. Chairperson, I do not have an opening statement but I will introduce my officials. I have the Deputy Minister of Finance, Pat Gannon, with me; the provincial Comptroller, Gerry Gaudreau; and the Assistant Deputy Minister responsible for Service Manitoba, who is also working on performance measures with us, Guy Gordon. Those are the people at the front of the room.

Mr. Chairperson: I thank the minister for those opening comments.

The next order of business is the Official Opposition having an opening statement; but, as you can see, the weather has played havoc with some of the members who have come in. So we will forgo the Official Opposition's opening statements and we will move on.

Hon. Jon Gerrard (River Heights): Let me just say very briefly that I welcome the meeting of the Public Accounts Committee under the chairmanship of Jack Reimer. We are looking forward to this working under the rules which were established not all that long ago and hope that this is going to function in an improved fashion, in spite of the weather.

Mr. Chairperson: I would like to now invite the Auditor General to have any opening comments for the committee.

Mr. Jon Singleton (Auditor General, Province of Manitoba): I will just make a couple of brief comments. First, I will introduce Bonnie Lysyk beside me here who is the Deputy Auditor General and Chief Operating Officer of the

office. We have a fair number of staff in attendance, so perhaps I will defer introducing them until we get to the particular agenda item that they are here for. Some of the items that have been deferred will affect some of their attendance in any case.

I just want to let the committee know I have had a conversation with Mr. Reimer, the Chair, in which I offered to him that if it was the will of the committee I would be happy at a future meeting to take a few minutes to run over the new rules that were adopted by the committee in August of 2002, just to refresh everybody's memory about those. I also offered if you preferred not to take time at a formal meeting that I would be happy to host an informal meeting of the committee to go through a similar presentation. I think the Chairman expressed some interest in that, but I was sure he would like to talk to members of the committee before making a decision on that.

Mr. Chairperson: Thank you, Mr. Singleton. As mentioned, I did have an opportunity to spend a little time with the Auditor and talk over generalities. One of the suggestions, as he said, was possibly a get-together for the committee to talk about some of the rule changes. I will take that under advisement and maybe try to contact the members if there is a willingness to do that.

Mr. Gerrard: I think that in view of the offer it would make sense not to have a long presentation but to give a five minute capsule summary, or to have one from Jon Singleton if that were possible at this time and a longer opportunity at another occasion.

* (13:40)

Mr. Chairperson: Is there willingness of the committee to take five minutes for just a *Reader's Digest* version? *[Agreed]*

Mr. Singleton: I had not prepared for this, but I will do my best to be informative.

Last August, at the last meeting of the Public Accounts Committee, it was a unanimous adoption by both sides of the committee to adopt a new set of rules which parallel much more closely the rules of other Public Accounts committees in the country.

There was a little bit of uneasiness in terms of adopting all of the normal procedures of other Public Accounts committees, because what was being done was already a big change for Manitoba. At that time it was agreed that, after three years of practice with this particular format, they would hope the next committee might take a look at the rules again and see whether there was a feeling it might be worth adopting further changes at that time.

Just highlighting, I guess, some of the key changes that were made, there was a commitment that the committee would meet at least four times a year. An arrangement was struck whereby the Chair and the Vice-Chair could meet with the Government House Leader in terms of scheduling those meetings.

Prior to that the Government House Leader was basically almost solely in control of the setting of meetings for the committee. There was a feeling that it would be useful to have the Chair and the Vice-Chair involved in calling those meetings and also setting the agenda for them. Most Public Accounts committees, and, of course, I understand we are in a catch-up mode here, so we have a fairly long list of reports, would limit a meeting to considering one or two significant matters. I guess a key rule from our point of view that the committee adopted at that time was giving itself the right to call witnesses from the agencies that were subject to an audit to respond to questions from the committee.

So, for example, one of the chapters in the Compliance and Special Audits report was the Lions Club of Winnipeg housing situation. In that case, a group of individuals within Family Services and Housing has taken over the operation of those housing units on a temporary basis—that was a couple of years now—but the committee might well like to take advantage of the opportunity to talk to those officials to find out what changes are being made in response to recommendations and findings that we had in that report.

One of the key objectives, I think, of the committee was to try to structure things so that it could operate in as non-partisan a way as possible. To do that the mission of the

committee is not to be directly critical of government policies and policy decisions—those are matters that are better debated in the House itself—but to focus on the administration of those policies and try to assure that they understand audit reports, that they have a chance to talk to officials that are responsible for implementing recommendations, or, in cases where officials do not agree with recommendations of the Auditor, the committee has a chance to understand that disagreement and perhaps form their own conclusion and what they would like to be done, all of which leads to the right of the committee now to make detailed reports to the Legislature with their own recommendations on how a government might deal with particular issues at a point in time.

So I think the upshot of the changes is that it much strengthens the role of the committee in its role of holding the Government to account for its management of public funds and puts the committee to really be in a position to help the Legislative Assembly close the accountability loop.

Of course, the Legislative Assembly is involved in approving the Estimates. The Government is involved then in delivering services based on funds that have been authorized for it to spend and the revenues that have been authorized for it to raise. But, at the end of the day, the Government has to account back for how it used those funds. That is where the role of the committee can come in and deal with significant matters of administration of public monies.

So that is my five minutes.

Mr. Chairperson: Thank you, Mr. Singleton. We will now proceed to the business at hand and ask for any questions in regard to Public Accounts, Volume 4, for the fiscal year ending March 31, 2000.

Mr. Gerrard: I would like to start on page 20, which deals with the Fiscal Stabilization Fund, and start with the fact that the Fiscal Stabilization Fund balance moved from something like 427 million down to approximately \$264 million. One of the things, of course, that happened in the course of that year was that there was a change of government and although

the accounts would not necessarily reflect that, it seems to me that some comment could perhaps be made about what the difference in magnitude here is of approximately 160 million that was taken out of the Fiscal Stabilization Fund. What proportion of those expenditures were made before September 21, '99, and what proportion was made after?

Mr. Selinger: Well, in that year I do not have actually that budget in front of me. We are checking to see if the Comptroller has it. I remember that the plan draw in that election year budget was 185 from the Fiscal Stabilization Fund. I think the net amount here is 163. The difference would probably reflect the surplus that was generated at the end of that year and interest then come off of the fund itself. So that was their pre-election FSF draw.

Mr. Gerrard: I see in the statement there is interest of about \$5 million, and I just wonder whether earning \$5 million on a \$400-plus million fund at the start of the year seems not getting very much interest for the money that was in the fund. I wonder if the minister or the Auditor would comment.

Mr. Selinger: The procedure is that the Fiscal Stabilization Fund transfer is deemed to have been made on April 1 of 1999. So the interest is calculated on the balance at that time.

Mr. Gerrard: Even \$5 million on \$264 million seems to be a relatively small amount of interest given the sums involved.

Mr. Selinger: If you look at the top of the revenue line where it says investments that is the interest, \$11.3 million.

Mr. Gerrard: Okay, so I see what you are—

Mr. Selinger: So that plus the next line which is 10.8, which is presumably the surplus at the end of that year, the transfer from the Operating Fund gives you 22. You take that off the 185 and you get about 163, the difference shown between the fund before and after that year's experience.

Mr. Gerrard: Now, \$11 million on 264 million is at a guess about 4 percent, 3.5 percent. Can

the minister tell us a little bit about how those dollars were invested?

Mr. Selinger: The money is invested short term in order to keep it highly liquid in case the Government needs to draw upon it, and that is why you get what looks like today to be robust interest rates but then would be modest interest rates.

* (13:50)

Mr. Gerrard: Can the Minister of Finance give that a little bit more explanation about how he goes about trying to make sure that there is a reasonable return on the investments? You are talking about having this investment in something that is pretty flexible. Presumably, it is going to be there at least for a year.

Mr. Selinger: Not necessarily. It is the Fiscal Stabilization Fund. If you have a year where there is extraordinary forest fire activity or flood activity or mad cow disease that strikes in the middle of the year, you may need to call upon that money at any time to address specific public policy issues.

Mr. Gerrard: It would seem that it may have some level of flexibility, but, certainly, there is a need on behalf of government to make sure that the money is invested in a way that is going to maximize the return. One could almost argue that it would be better to use it to pay off the debt. Then, if you need to borrow on a short-term basis, you can do that. One wonders about how this money is being managed in terms of the optimum return on investment.

Mr. Selinger: We are talking about the year '99-2000. That was just two years after the flood of the century in 1997. I believe it was the policy then to put liquidity as the No. 1 objective, the ability to have the money available in case of an emergency, not return on investment for this particular fund.

Mr. Gerrard: Has that been a consistent policy and still is?

Mr. Selinger: Where there was a certainty or a high level of comfort that the money would not be needed, there is the ability to go out a little longer, say up to a year for an investment, but

one only has to cast their eyes back the last five or six years to see the amount of volatility we have had in the real world, whether it is forest fires or mad cow or flood of the century or accounting errors or slowdowns in the economy or September 11. All of these things have generated the possibility at least of a draw.

I think the purpose of the Fiscal Stabilization Fund is first and foremost to be available in times of need so the liquidity objective has probably, since the inception of the fund, been the primary focus around which it is invested.

Mr. Gerrard: Essentially, what you are saying is that there would have been alternate ways to use this money if, in fact, one wanted to maximize the financial benefit to the Government.

Mr. Selinger: There is always the ability to shift priorities and have tradeoffs. If we were in another province that was, for example, generating billions of dollars of surplus every year, longer term investment horizon could be foreseen for a good portion of those resources. In fact, in some other provinces they do have things like heritage funds, et cetera, where they know they will not have an immediate need or a short-term need for the resource and they can invest it long term.

We should mention that fiscal stabilization funds have become a concept used by several provinces in the last four years. New Brunswick, Saskatchewan, Alberta themselves have set up their own fund over and above the heritage fund. They have a short-term fund and a long-term fund. The short-term funds, the stabilization funds, have put liquidity as their primary objective.

Mr. Gerrard: I just wanted to get that very clear and that there is a tradeoff and that the Minister of Finance understands that and that this is on the public record.

I have some questions in this report about the regional health authority reporting, which is much more extensive here than it would be in the descriptions in other documents, and, therefore, in a sense, quite important that the regional health authority reporting be done in a way that is going to be most helpful in terms of the public

understanding of what the regional health authorities are doing.

Now, I would turn your attention, as an example, to page 554, but I think it would be similar with other regional health authorities. One of the things we are all very conscious of in concerns around infections, SARS, and so on, we are concerned about preventing illness, the need for a significant expenditure in the area of public health, improving public health and improving the health of people in the region. Yet nowhere here is there a clear line which delineates public health expenditures.

I would ask the minister to comment on this organization of the financial reporting of the RHAs.

Mr. Singleton: I just thought I would make a comment while the minister was considering a response to that question. I would see this as an example where if the committee is interested in pursuing financial reporting by regional health authorities you might want to invite some officials from the Regional Health Authority Secretariat, or perhaps some chairs of different regional health authority boards, so that you have directly available to you the people with the knowledge and expertise on the subject to respond to those questions.

Mr. Selinger: You have selected the Churchill Regional Health Authority. They have laid out their expenditures in several categories, whether it is hospital, diagnostic services, or medical clinic, dental clinic, community services, addictions program, patient transportation program. There is a fairly hefty amount there, land ambulance, home care, regional health authority administrative costs, amortization of capital assets, interest on long-term debt and interest on obligation under capital lease.

I think the member will know that public health is actually a direct report to the Minister of Health (Mr. Chomiak) through the Deputy Minister of Health. If I recall correctly, I think public health is reflected in the departmental Estimates, not in the RHA estimates. We may want to check the facts on that, but I am remembering that Doctor Kettner initiates programs on a province-wide basis, not through

the budgets of specific RHAs. So I think if we want to know where public health expenditure is occurring we are going to have to return to the Health Estimates, not the RHA estimates, to see the amount spent there.

* (14:00)

Mr. Gerrard: In the various discussions which I have had in terms of health policy, the management of RHAs and the ability of RHAs to manage expenditures well, clearly, it comes under the mandate of the RHA to decrease the incidence of diabetes or smoking, or prevent health problems. This not something which is, although there may be a public health budget under the medical officer of Health, but there clearly are public health expenditures which are preventive which are being made by RHAs. At least I would be very surprised if there are not. It would seem to me that in the shift which has been widely talked about, that is, away from acute care and into preventing the health problems, that it would be highly desirable to be able to look at the Budget and see what is being spent on public health care and on preventing illness in the RHA budgets. It is a surprising fact that it is not there. I remember discussing with some RHA officials, for example, their complaint that they were spending too little on public health care. I just do not believe it is not there. I think the problem here is the way the accounting is structured, that it is not as useful in terms of public and government and provincial management administration as it might be, because the way the categories are broken down you cannot tell what is being spent and what efforts are being made in terms of preventive health care.

Mr. Selinger: We may be getting trapped in definitional concerns, the difference between public health care, for example, and community services. I think the member from River Heights is probably taking a broad notion of public health care or primary health care or prevention programming.

If that is the case it is probably the case that in many of these components there is a preventive or primary health care component. For example, in addictions programs there are treatment programs, there are probably education and prevention programs. Similarly, with

community care there are probably community services that are quite specific that are offered, but the community services probably would have a large element of what you would call public health care or primary care or preventive care.

Historically in the province, public health care has usually referred to those programs and services delivered by the Chief Medical Officer of the province, in this case, Doctor Kettner, at the moment, and has usually referred to those initiatives taken to prevent diseases or epidemics occurring in the province. For example, the chief public health officer this year spent quite a bit of time on West Nile prevention programming. He did it in collaboration with regional health authorities as well as municipalities to ensure there were proper measures in place to prevent a high incidence rate of West Nile virus in this province, and the results were quite positive. The interorganizational collaborative mechanisms that he put in place on a regional basis with health authorities and municipalities on the first glance look like we had pretty good results this year compared to other jurisdictions where there were similar conditions of dryness, which also is a mitigating factor in the spread of that kind of disease.

I think we have to be careful what we mean by public health care. That is the traditional definition of it. I am just giving you my perspective from a Finance portfolio on that. The Minister of Health (Mr. Chomiak) probably could elaborate with greater definitional clarity, but in every one of these elements I think there is more emphasis being shifted towards primary health care, in other words, care being delivered at the community level where people live as opposed to care being delivered after the fact when people are already ill. That could include diagnostic services. Diagnostic services have a preventive element to them if you get people in early enough for screening programs, for example, whatever it is, cancer screening programs and a variety of programs the member is probably more familiar with than I am.

So, with that in mind, I do not want to in any way disparage the lack of primary or preventive measures taken by health authorities, but I want to distinguish it from the traditional notion of

public health care, which operates under a specific mandate province-wide, and a specific authority with the chief public health officer.

Mr. Gerrard: We do not disagree in terms of that there may be public health care components in a variety of activities here and that these may be very important in terms of preventing illness, but where we do disagree is this: If a government is going to work well, you have to have the financial accounting lined up with the kind of goals you want to achieve. If what is happening here is the financial accounting, it is totally out of kilter with the goal. At least I thought that you were interested in promoting public health care and preventing illness and improving health of individuals, and yet the accounting does not line up like that at all. It is going to be a whole lot easier in terms of achieving objectives which are important in monitoring performance and outcomes if you can actually match up. I mean, we are going to get to the business planning and performance measuring shortly if you can match up expenditures with results.

So it would seem to me that one of the things that would be helpful in terms of the reporting by RHAs would be to separate out the public health care expenditures. Now I would put this in another context. We are now moving to a world where there is much more linkage in reporting provincially with one province and another. The CIHI database, for example, is a good example, and the Canadian Institute for Health Information reports a whole series of categories. It would seem to me that one of the things that, as Minister of Finance, it would make sense for you to be looking at, both in terms of inputs and outcomes, performance measurements with what you actually spend and in terms of being able to link the way things are reported here with the way things come in the Canadian Institute for Health Information, that you have a look at the reporting lines within RHAs as you require them in the financial statements for the province to see, in fact, whether there might be a better way of having these lined up in consistent fashion so that it is going to be helpful in then being able to look at provincial versus expenditures in other jurisdictions and being able to link inputs with outcomes.

I mean, the Canadian Institute for Health Information has a line which has administration and public health care, and I think that they are probably trying to move to a point where they separated administration and public health care expenditures. But clearly the better that one can clarify how the money is being used in ways that are going to be functionally relevant, I think, is going to be important in terms of the outcomes and certainly going to be able to provide better ways of looking at the performance of the dollars that you are actually spending.

Mr. Selinger: The need to show investments in health care as having desirable outcomes in terms of performance indicators is one that goes back, well, at least to the First Ministers' meeting of 2000 in Winnipeg where they agreed to come up with a number of indicators that they would co-operate on, measuring and reporting back to their own citizens on, and the Provincial Auditor at that time or the Auditor General's office now was involved in the development of those indicators with the Department of Health, as I recall. That is somewhat different than deciding which we put into the notion of preventative health care because the term itself is a highly contested term. There is no watertight definition of what we mean by preventative health care. You can have preventative health care by functional programs. You can have it in Addictions. You can have it in Home Care. You can have it in here. I think when you look at the budget items here in the example that you are wanting us to work off of, Churchill RHA on 554, the largest expenditure, but for hospitals, is in the category of community services. It is the second largest expenditure after hospitals, and I suspect that is where a lot of your community-based activities intended to keep populations healthy are taking place. They call it community services for the practical purposes of that is the site of delivery of many of those programs. That does not in any way hamper our ability to do measurements based on agreed-upon outcomes or indicators across different levels of the system.

*(14:10)

I do not want to get trapped into an amorphous category that might require somebody, for example, working in a public health clinic or a health clinic that has an emphasis on diabetes

prevention. You know, it might be a diabetes prevention program. They may not call it a preventive health program. They might just call it a diabetes prevention program that has several elements of it. It could have elements of community education or citizen education. It could have elements of treatment. It could have elements of actually working with individuals on diet and lifestyle activities or improvements. All of those things would be useful in terms of getting an indicator that showed less occurrence of diabetes, especially the kind of diabetes that results from lifestyle choices, Type 2, occurring.

Do we all want to categorize those under one rubric? Perhaps not. I think that might be less fruitful than actually getting a good indicator and being able to measure that indicator across a broad category of activities to see what the outcomes are in a population. I think we want population-based indicators that show whether or not the health of Manitobans is improving or deteriorating. We want to get some sense of that on a geographic basis.

Mr. Singleton: Mr. Chairman, I just wanted to make a clarifying remark on our involvement in the establishment of that report on health indicators that was issued on September 30, 2002, by all the provinces. The indicators themselves, approximately 60 of them, were chosen by a working group comprising representatives of every province and the federal government and their Health departments.

We were asked to express an opinion on the accuracy of those indicators. One of the things we specifically undertook not to do was to critique the appropriateness of the indicators or their relevance. As Auditors, we essentially took the position that if all these health officials had determined that these were the right indicators we would accept that, but we would provide some assurance to the public on how accurate and how reliable the numbers are that came out of the health care systems.

As a further aside, that is another example of a report that would not normally be referred to the Public Accounts Committee, but it clearly is an area that falls within the mandate of the Public Accounts Committee. If at some time you wanted to schedule a meeting to consider that

health care indicator report and our audit opinion on that, that would certainly be a suitable topic as well. In other words, the committee does not have to limit itself to our direct reports and the Public Accounts in terms of its mandate.

Mr. Gerrard: I have some more questions but I would like at this point to request that the committee accept the MLA for Portage la Prairie (Mr. Fauschou) in lieu of the MLA for Arthur-Virden (Mr. Maguire).

Committee Substitution

Mr. Chairperson: Before we do that, I do have to say that I do have the resignation from Mr. Larry Maguire, the Member for Arthur-Virden, to resign from the Standing Committee on Public Accounts, effective today, October 27.

Are there nominations to replace Mr. Maguire?

Mr. Gerrard: I would nominate the MLA for Portage la Prairie.

Mr. Chairperson: The Member for Portage la Prairie, Mr. David Fauschou. Are there any other nominations? Agreed. Thank you.

* * *

Mr. Chairperson: We will proceed. You had a question, Mr. Gerrard.

Mr. Gerrard: Just to wrap up, in a sense, yes, it is very important to have performance indicators and measures of outcomes but it is also very useful in looking at how those are achieved to understand how the dollars are being spent as they are lined up in terms of producing outcomes.

In the context of managing health expenditures, it has frequently been pointed out and this is an example. If one does the calculations based on expenditures per capita in the different regions, there really is a very large range in terms of per capita expenditures on health care from one region to another. I would ask, in terms of the management of the health care budget, whether the Minister of Finance is looking at this issue. I know that there are approaches

which are used to assigning dollars to health care, but, certainly, a lot of those were assigned on a historical basis. What is the Minister of Health's (Mr. Chomiak) approach here?

Mr. Selinger: I wonder if some of these questions were not more appropriately dealt with with the Health Minister at the Estimates, where his department prepares the budgets and allocates them to the various health authorities. The methodology under which they allocate them, I think, is something best explained by the senior officials and the minister in the Department of Health.

The member is right. There is an element of historical importance in the allocation. Many institutions, as they were folded in, devolved or non-devolved into health authority regional boundaries, had existing budgets attached to them. How those budgets evolved, one has to search back in the deep mists of time as to how the money was allocated there and by whom and during which period of Manitoba history.

Whether or not there should be shifts on that, per capita expenditure is an input measure, it is not an output measure. When we talk about health indicators, we are usually talking about some reliable measure of outcomes in health care. Perhaps over time, as those measures become more understood and refined, they may become influential in deciding on what the per capita inputs or expenditures should be in certain population groups in different regions in the province.

I think when you go back to the whole trend to regionalize health care, which really started in the early nineties across the country, the theory behind a regional allocation of health care budgets was to have a population-based approach to need in how we spent health care money. Where we detected in a region specific needs on a regional or population basis, then money could be allocated to that to identify positive health outcomes that they wished to achieve.

We are still very early in the evolution of the transformation of health care to a regionalized, population-based approach from an institutional-based approach, which was the tradition up until the health reform initiative started in the early

nineties. We are nowhere near yet of having solidified that transformation process and what it means in terms of allocating health care resources.

Mr. Gerrard: Part of the reason for bringing this up here is that the Public Accounts provide a much more in-depth view of what the expenditures are from regional health authority to regional health authority. In fact, in the Estimates there is not even a breakdown provided by regional health authority. All there is is a global transfer to all regional health authorities. So it becomes much clearer how the expenditures are being made in the overall Public Accounts statements, and, therefore, I think it is an issue which is of particular relevance, given something approaching 40 percent of the provincial budget is on health care and that a very substantial amount of that is provided through regional health authorities.

The issue of how those allocations are made is a particularly important one, it would seem to me, for the Minister of Finance (Mr. Selinger) and for the discussion at the Public Accounts Committee, because, again, as I was talking about and we will be talking about shortly in the business planning and performance measurements aspects of the Auditor's report, of how it is important to not only have outcomes but to have an accounting which allows one to link financial inputs with outcomes.

If I may, I would like to move on at this point to page 828, which deals with the Manitoba Lotteries Corporation. One of the questions I would ask relates to the issue as the Minister of Finance would see it, if one looks here, the Manitoba Lotteries Corporation is paying the payroll tax, the health and education tax, the goods and services tax, and so on. Now the payment of provincial tax by the Manitoba Lotteries Corporation is an example of where the provincial tax is paid. Maybe the Minister of Finance can tell us why a Crown corporation like the Manitoba Lotteries Corporation pays certain provincial taxes but not others.

*(14:20)

Mr. Selinger: Generally the policy is that Crown entities such as the one you are looking at

here, the Manitoba Lotteries Corporation, are subject to provincial tax law. Where they do not pay taxes, it is because they are more than 90 percent owned and a Crown corporation that is owned more than 90 percent under federal tax law is exempt from corporate taxes. Other than that, they pay the taxes that are levied by the provincial government.

Mr. Gerrard: This is an example of how a corporation pays provincial tax. In looking at the contributions that are made by corporations, can the Minister of Finance provide, for example, is there one place where the total amount of payroll tax, health and education tax, that is coming from Crown corporations to the provincial government is listed?

Mr. Selinger: The payroll taxes are summed by all the businesses that pay them in the province. They are not separated out by public versus non-private organizations. It is a total allocation. That is the way it has been since day one.

Mr. Gerrard: Do the RHAs pay payroll tax?

Mr. Selinger: Yes.

Mr. Gerrard: Does the provincial government in terms of departments also contribute payroll tax?

Mr. Selinger: Yes.

Mr. Gerrard: In terms of the approach then, in the future I know the Minister of Finance has speculated from time to time about the approach to taking money from the Manitoba Lotteries Corporation. There is a transfer into general revenue, for example, from the corporation, but there are also taxes. Maybe the Minister of Finance could comment on whether he is looking at making any changes to these approaches.

Mr. Selinger: I believe the current approach is the consistent one taken across all jurisdictions in the country, with respect to these types of entities. There has been no argument made so far why we should change that.

Mr. Gerrard: Unless there are other questions, I would move that we pass 4.

Mr. Chairperson: Public Accounts Volume 4 for the fiscal year ending March 31, 2000—pass.

We will now move on to the Report on Business Planning and Performance Measurement for the period ending July 2000. Shall that report pass?

Mr. Gerrard: I would like to have a comment from the Auditor General in terms of the Business Planning and Performance Measurement, clearly, I would say, an extraordinarily important aspect of how government is held accountable and that citizens need to be assured that the Government and the operations which are funded in a variety of ways by government are actually delivering substantive performance for the dollars that are being spent.

Maybe let me start with sort of a general question to the Auditor General. What was the major item that was learned from this review, and in terms of vision what are really not only the recommendations that are here, but kind of the next steps that need to be undertaken to move this issue forward?

Mr. Singleton: Business planning and performance reporting are topics that we think are particularly important, as was noted by Mr. Gerrard. They do, in fact, form an opportunity to improve the accountability of government to the citizens, and from my perspective most government programs are run pretty well most of the time. Performance reporting is a chance to try to get that good news story out as well, as well as, of course, identifying areas where things are not going according to plan and management has had to adopt a response to try to get them back on plan.

So, as an office, we are encouraging improvements in performance reporting, not only for the Government, as we did in this particular report, but for all Crown agencies and individual departments in the public sector.

This particular report was undertaken shortly after the change in government. Part of our goal was, because there had been sort of fits and starts in terms of moving forward on performance reporting throughout the late nineties, we thought it would be useful to give the new

government sort of a road map of the key things that we would encourage them to address during their mandate. Just for the interest of the committee, we have since done a follow up, and I hope in the month of November we will be able to provide the members with an update to this report which I think will be useful as well.

Some of the key findings, I guess, in the report: We were very impressed with the level of interest and commitment within government departments to doing a better job of business planning and performance measurement. It was a kind of feeling out there that they saw a benefit to them as a department and would want to pursue these issues whether or not they got support from central government. So we found that particularly encouraging.

We also found it encouraging that departments would like the process to evolve to where it actively engaged ministers, the Cabinet, civil servants, citizens and, I guess, clients of their services in developing business plans and ultimately performance reporting.

But what we did find was there are a number of areas critical to good performance planning which either had not yet been incorporated into the process or were only partially developed. Examples of that are interdepartmental coordination; public reporting on performance is still not very robust in Manitoba, the integration of the planning process with the budgeting process and then the systematic monitoring of the processes.

We were encouraged by the government response in the report that they are committed to the advancement of performance measurement within the government management processes with a strong focus on the measurement of outcomes and results.

* (14:30)

The upshot was that we identified that there was a will both at central government and in departments to move this forward, but we felt at that time not enough progress had been made given the amount of time that had lapsed and encouraged the Government to try to move this ahead a little more strongly than they had in the past.

Manitoba is behind a number of other jurisdictions in Canada in this area. A number of provinces have adopted legislation on strategic planning and performance measurement. For example, to really give strong direction from government of the importance they place on these activities, other provinces have adopted a government-wide strategic view that is useful for people in Crown corporations and departments when they are developing their own business plans to make sure they can identify how their plans will advance the overall strategic vision of the Government. Certainly, we would recommend that approach in Manitoba as well.

The key principles that we identified of good planning, measurement and reporting are input from elected officials, making sure they are involved in the process in an appropriate way; co-ordinating plans and indicators; getting good participation from clients and stakeholders and developing plans; making good use of the performance information you do have so that systems can change based on the performance information and then, ultimately, public access to the results, both in terms of summarized contents of business plans and the reporting of performance.

Mr. Gerrard: I would note that the very first of the key recommendations deals with the development of a business plan ministry by ministry. I would ask the Minister of Finance or the Auditor General what proportion of ministries currently are producing annual business plans.

Mr. Selinger: Part of the Estimates process each department does provide—you call it a business plan—a strategic overview of where they are going, what their objectives are, what they are trying to accomplish. In some cases, we select various departments every year to make a specific presentation on what their challenges are and how they are planning to meet them with their strategic plan. That is there as part of the overall Estimates process.

In addition, and I think the Auditor General has identified some of these in the report, there are outcome measures, I believe I talked about it earlier, that have been identified for health care as part of a federal-provincial funding arrangement. There are sustainable development

indicators that have been identified as part of the Government's commitment to sustainable development in this province. The Healthy Child subcommittee of Cabinet brings together several departments and interdepartmental initiatives at the community level have also been working actively on measurements of the success of their initiatives in the community. They have put outcome indicators in place as well.

There has been quite a bit of work done on this in the last four years and even prior to that. The business-planning emphasis I think was quite strong in the latter part of the nineties on a departmental basis. That has been supplemented by some interdepartmental strategic initiatives and outcomes attached to that, as well as an emphasis on even when we came into government, there was some departmental reorganizations which were intended to align certain functions in such a way that they got more of a strategic focus on key directions that we want to go in the province.

In the last four years, you will note that there has even been a new department created to put a focus on energy, science and technology in the province, all of which is a concrete way of reorganizing the activities of government in order to put a focus on certain future priorities that we deem important to the development of the province.

Mr. Gerrard: I would first of all follow that up with, you did not mention Justice and whether there are departmental performance indicators and goals in Justice in terms of criminal activity, people institutionalized, et cetera.

Second, I would ask, in terms of the Energy, Science and Technology because you specifically did mention that, what is being done in terms of setting performance indicators for the area of Energy, Science and Technology?

Mr. Selinger: My original comments were not intended to cover all the departments. Yes, Justice does have a number of indicators that they look at to measure the justice field in terms of what the outcomes are, and many of those are often raised in the Legislature, car thefts being one of the more notable ones that we have discussed from time to time, crime rates. There

are a number of indicators that the minister does comment on in the Legislature when he is asked questions on that. There are also some serious challenges in the justice area which I think we are all aware of, and the minister has brought in several legislative measures and programs to address some of those challenges over the last four years.

In terms of energy, science and technology, the Premier's (Mr. Doer) Economic Advisory Council has wanted to see more capital made available for research and development, and the last Budget reflected some investments in that regard. There is a research and development tax credit that is available in this province.

Then, of course, in terms of Kyoto, there is a role for that with respect to Energy, Science and Technology. We have put out and published an opportunity to bring ourselves within compliance or even go beyond what the Kyoto benchmark was to comply with climate change objectives. Those reports are in the public domain and have been brought out in the last few years. The ministers of Conservation as well as Energy, Science and Technology have been lead ministers in that regard.

Mr. Singleton: I just want to make a sort of philosophical comment on the nature of outcomes and outputs that I think might help clarify for the committee a little bit about where we are coming from when we talk about outcomes.

We think back to the health care report that was produced by all the provinces last September in 2002. If you look at that report, really it is more of a benchmarking exercise that enables you to measure progress and certain indicators over time and also, because a common basis has been used, allows you to compare different provinces to each other, but the key thing that is missing from that is what is the target? What do we consider as a government to be an acceptable waiting list? It is interesting to know that the waiting list is X days or X weeks long, but that is only sort of half the question. The more interesting part is: What is the target, and if the target is not being met, what are the action plans to try to close the gap? If the target is being met, then that is good news kind of thing.

Mr. Gerrard: I thank the Auditor General for his comments, and I think that that is quite relevant in terms of, for example, the advice from the Economic Advisory Council in the area of S&T. Capital expenditures for R&D and the R&D tax credits are inputs. What we are looking at is in terms of what targets the Government plans to meet. What outputs are targeted? I do not know whether the minister has a comment on that, but I think that is clearly in part of where things need to go.

I would extend that. I note that, for instance, No. 3 of the key recommendations says the secretary to Treasury Board needs to develop a procedure and format for Treasury Board ministers to review and approve each departmental business plan and performance indicators.

I would ask the Minister of Finance in terms of how he sees what is happening at Treasury Board and what sort of progress has been made in terms of meeting this key recommendation. It is on page 34.

* (14:40)

Mr. Selinger: I mentioned this in my last round of comments that through the Estimates process departments put forward their strategic plan or business plan of where they are trying to take their department in terms of the public investment that it receives. In several cases we have had specific presentations by departments on where they are going and how they are planning to achieve their objectives. We have had special presentations outside the specific review of the Estimates themselves. We have provided an opportunity for them to come in and discuss with a little more expansiveness the challenges they face and how they see meeting them.

It is probably not surprising that many departments feel that if they had more resources they could get further down the road in meeting those larger challenges that they face. Sometimes it is helpful to hear that even though we know we have certain constraints in terms of the resources available, and then when we get back to the Estimates process we can bear that larger context in mind in terms of what decisions we make on allocating resources to help them meet those objectives and support those objectives.

Mr. Gerrard: I am hearing that you are in terms of meeting this third recommendation in terms of how things work at Treasury Board, that there is a process by which certain departments will be reviewed in terms of their business plan and performance indicators. Is it yet at the level that each department will have a business plan and performance indicators reviewed annually?

Mr. Selinger: Each department is required in their Estimates to put forward their view of where they are taking their department. In other words, a global strategic outlook on where they want to go and then that is context in which the departmental demands for resources are reviewed. As I said earlier, some of the challenges are quite staggering in terms of what needs to be done and the resources available to do that. I can tell you for sure that the demands for resources always outstrip what is available on any given year.

So the point of a strategic plan is to identify what your priorities are given that there are limited resources and how we can move towards meeting those priorities, recognizing that some priorities take precedence over other issues. Each department and each minister and his senior officials have to identify what the most urgent priorities are that they have to move on and what resources they require to address them.

Mr. Gerrard: I note that the Auditor General had commented on the importance of integrating the planning and the budgeting, and I presume that the Auditor General would include performance indicators, listing performance indicators and measuring the performance indicators. I presume that would need to be done at least on an annual basis. Is that what your recommendation is saying? To the Auditor General.

Mr. Singleton: Yes, I guess essentially what we are saying is that there is a benefit to doing a good job of integrating both the financial plan and the business plan in a planning document and naturally that should include identifying the appropriate outcome indicators that the combination of dollars and other resources are hoping to accomplish during a particular year.

Mr. Gerrard: For a department like Energy, Science and Technology, as an example, though

he talked about the Kyoto accord, but if you move away from the Kyoto accord, clearly Energy, Science and Technology is linked to economic development. I would ask the Auditor General, of recommended development of performance indicators for this department, what might be examples?

Mr. Singleton: I do not think I am prepared to actually cite what the appropriate performance indicators would be in Energy, Science and Technology just now. I have not really given it a lot of thought. It sounds like an area that would require a fair amount of thought before coming to conclusions on that.

I believe that the recommendations we have made around the process for developing those indicators, integrating them into the business plan and the financial plan could apply to that department, as well as any other department in the Government.

Mr. Gerrard: Let me use the Department of Conservation as another example which would be in the area of the fishery. The average farmer sits down and calculates what he is going to make in terms of hope for his crop, and sometimes he meets the target and sometimes he does not. What I would look at in terms of conservation as it applies to the fishery, we have got a number of major lakes in this province. It would be important to have clear targets set in terms of what a sustainable fishery would be and how to achieve that. Is that in the line of the kind of performance indicators that you would see?

Mr. Singleton: Yes, talking in general terms, it would seem to be prudent, if we are talking fisheries, for the Department of Conservation to set targets as to what a sustainable fishery is for each species in a lake and each different lake in the province and putting those in context with targets. When those targets are not being met, there should be fiscal and operational plans in place to try to bring the sustainable fishery back to the desirable sustainable whole.

Mr. Gerrard: I note that one of the issues that the Auditor General had raised and indicated there was a weakness was in the area of public reporting. I would offer the Minister of Finance

an opportunity to comment on the recommendation, which is that the clerk of the Executive Council and the Secretary to Treasury Board should strike a committee to develop for Cabinet's approval a new format for departmental annual reports that includes reporting on business plans and performance. Could the Minister of Finance tell us what has happened with respect to that recommendation?

Mr. Selinger: First of all, one of the things we have said in our response to the Auditor General's report is that performance measurement is an activity or an enterprise that occurs at all levels within the public service, not just at the senior levels. It requires a commitment and an engagement from people on the front lines up through the program managers, directors and then senior officials right up to Cabinet members to make it work. Some of the performance measures which I have discussed earlier this morning can be reported through annual reports, but some are reported more frequently or more broadly than that. For example, the CIHI indicators are not just reported through the annual report. They are reported as part of a national activity or a pan-Canadian set of activities. The CIHI indicators are information collected in all the jurisdictions in Canada that deliver health care services.

There is a national report that comes out in sustainable development indicators. Sometimes, if you look at the sustainable development indicators, they go beyond departmental annual reports. They include activities that require the commitment and activity of more than one department, similarly with Healthy Child outcome indicators. Annual reports can be a useful place to do that, but there are some measures that probably go beyond the departmental boundaries in terms of the reporting because they relate to population outcomes, demographic outcomes inside the province and are probably best captured outside of departmental annual reports.

So we want to find a way to make that information available for public consumption over and above, which could include annual reports but is not necessarily restricted to that medium.

*(14:50)

Mr. Gerrard: I note the Minister of Finance referred to sustainable development indicators. We had a comment earlier on from the Auditor General in terms of the need to go beyond an indicator to set real targets in terms of what should be achieved. I would ask the Minister of Finance to what extent he has been able to move departments beyond indicators to setting specific targets and to listing those and to then reporting on whether or not those targets are met at the end of the year.

Mr. Selinger: Just before I answer that question, I was just exploring with my officials the work we have done in, say, Finance every year in our annual report. We have tried to strengthen the presentation of indicators, of financial indicators, performance indicators for the province, debt to GDP ratios, et cetera. I think every department, when they prepare their annual report, should be looking for opportunities, and I think they are, to improve their reporting of outcomes by their department on the areas they are responsible for.

I know in Finance, for example, where I have the most direct experience of that, when we go over that we discuss fairly actively how we can improve the information we provide to the public on how we are doing in terms of financial outcomes for the province.

So I would ask that the member restate his question. I will try to focus on that exclusively rather than listening to my Comptroller at the same time.

Mr. Gerrard: This report really is about putting in place a framework within government to facilitate the development of performance measurements and outcome measurements and setting targets, not just providing indicators. In Finance, a target might be a particular level of debt to GDP, for example, whereas the indicator would be the value of that number without saying where as a province we should be.

My question to the Minister of Finance is to what extent you have been able to move the other departments forward from measurement indicators to actually setting targets which can be measured and evaluated at the end of the year.

Mr. Selinger: The question of targets is an interesting one. I have explored that myself along the lines the member has asked the question. Targets can be helpful as long as they are not abstracted and disconnected from the reality that the department or the Government is operating within.

Probably even more important than targets is trends, changes over time. A target could become an artificial benchmark that may or may not be achieved, depending on the circumstances, for example, what is happening in the economy. The member will understand just how contingent the Manitoba or the Canadian economy is on, for example, the North American economy or the American economy and in turn how contingent our economy is on world trends or specific world events. So the target may or may not be the most appropriate measure. The trend may be a more important indicator, particularly the trend relative to other jurisdictions of comparable size and responsibility.

For example, I note it was very interesting last week that we saw a report that came out from the Canadian food banks that showed that food bank use in Manitoba had declined 10 percent, while at the same time, it had increased in every other province in the country.

Now, is there an appropriate target for food bank use? Probably none of us would ever want to say that any level of food bank use is appropriate in a country as wealthy as Canada, but we do take encouragement from the trend that we have food bank use declining in Manitoba while it is increasing everywhere else. So that is an example of what I mean by trend perhaps being as important as a target, because the target can itself become a highly contestable focus for debate. That debate may not be helpful when the trend is positive relative to equivalent comparators.

So targets can be useful. I have asked those questions myself. What is our target for debt to GDP? I have been told the trend is probably as important as target. It is a trend relative to other jurisdictions that are rated, other public or government jurisdictions.

What we want to do is we want to maintain a declining debt to GDP ratio over time. An

absolute target may not necessarily be the proper focus, but the trend is an important focus relative to a credit rating agency determining whether or not Manitoba's bonds are creditworthy and at what level of creditworthiness they should be evaluated at.

We have had a positive trend in debt to GDP ratio over the last four years. We have made some specific initiatives that have generated future confidence that that trend will continue. For example, a plan was put in place to deal with the pension liability for both teachers and public sector employees. That plan was being called on by the bond-rating agencies to be put in place for many years and had not been addressed until we became government.

That plan gave the bond-rating agencies some measure of comfort that our debt to GDP ratio would show steady progress over the next several years, with, of course, always the caveat that things could occur that might move you in a direction that you do not necessarily want to go, demands for capital investments, demands for spending related to natural disasters.

We have seen, for example, this summer four times more acres burned in fires in Manitoba than were burned in British Columbia, even though British Columbia was the focus of national news. Now, those acres did not burn in communities where homes were being put at risk, but the number of acres was the second-highest volume of acres burnt in this province in the history of the province, which means it was a very serious year for forest fires under any measure.

So that is another trend indicator. I do not know that you could set a target for how many forest fires you want to have in a province, because there is a debate whether there should be forest fires at all. There is a school of thought that says forest fires should be allowed to take their natural course because it is a form of renewal of the forests. There is another school of thought that says that the forest, as a valuable resource, should be protected and extraordinary measures should be put in place by governments or human settlements to protect forests.

So there is a school of thought there that does not give necessarily a clear idea of what the

target should be, but the trend, in our view, should always be less forest fires as opposed to more forest fires on an annual basis. We would like to see the trend going down. We would like to see the measures taken to mitigate forest fires to be effective ones, particularly when those forest fires are threatening human settlements or significant ecological reserves or significant animal populations in this province.

Nobody has ever given me what the right target should be for forest fires, but we always know less is better than more, and we always know that mitigation is something that we want to do, but there is a very real debate. If you look into the forest firefighting strategy in this province, some areas for forest fire abatement take higher priority than others. Some of those areas that take priority are those that relate to valuable resources and where people live.

That is always subject to debate and policy review. We look at that on a regular basis. We have asked those questions. Should we allow anything to burn, or should we always be trying to put them out everywhere? There is a very active discussion that goes on around that as we allocate resources to that on an annual basis, just to give you the flavour of the conversation around a very concrete activity that we experienced a lot of this summer.

Mr. Singleton: I just wanted to make a couple of remarks, I guess, in defence of targets. Clearly, we think outcome indicators in the form of targets are very important. Targets, or trends I guess, can be framed in the form of targets as well. In terms of if it is a target, for example, to have debt to GDP going down, one could still specify approximately how much you would like it to go down, how fast you would like it to be going down or how fast you would like it to be, comparing to other jurisdictions over time, so that there could still be measurable outcomes along those lines.

* (15:00)

The other thing to say, and this may be something we need to work on in our political process, but one of the concerns about setting targets of course is in a multibillion-dollar organization like the Government of Manitoba,

one is not going to meet all the targets one would set. Then one has to deal with the potential fall out or risks associated with those particular indicators that may not have been met as well as one had hoped at the outset, which is one of the reasons why this committee can play such an important role in considering those kinds of questions in a little more dispassionate way and constructive manner in terms of pursuing ways to close the gap on targets that are not necessarily met.

The other thing to say is that one, of course, has to consider what resources one is going to invest when one sets the outcome. There is no point in setting outcomes or targets that bear no relation to the amount of resources that are going to be directed to try to accomplish that. Of course, those targets need to be realistic and based on the amount of resources that can be allocated to accomplishing that outcome.

Mr. Gerrard: I would just follow up the minister's comments about forest fires. Clearly there are some things one can control and some things one cannot, climate as it relates, weather, dryness, wetness, rain and so on. However, if the proportion or number of acres is the second worst in the history of Manitoba, one would presume it might be a good time to have a look and see what is being done in terms of fire prevention and whether those measures could be improved. The fact that certain targets, which is a downward trend in the number of acres burned, could lead to some effective, intense look at the preventive measures which could be helpful in future in having fewer forest fires and costing taxpayers less money, which, I think, we all might appreciate.

My question is to the Auditor General. I know the Auditor General talked earlier on about undertaking and presenting a kind of a review of progress made. I would ask the Auditor General whether he is going to look specifically at the extent to which departments are setting targets and meeting targets.

Mr Singleton: The review I talked about in my opening remarks was essentially a follow-up of this report in terms of the progress the Government has made in dealing with the recommendations contained in here.

Certainly, our medium-and long-term goal would be to periodically review the performance reports of departments from a couple of points of view. One is just sort of a basic accounting thing of assessing the systems of control that produce the data that ultimately produces the performance reports to try to provide some assurance that the data that is being reported is reliable. The members are entitled to have some confidence in the numbers when they are debating the policy issues that come out of those numbers. The second part of it would be to assess the robustness of performance reporting by departments, their commitment to it and the quality of the way they make the information available to the public.

One of the problems every jurisdiction is fighting with is if you start getting several hundred performance reports out from different government agencies or departments or branches, now you can be talking information overload, and what is a member of the Legislature to do with volumes of performance data which overwhelm you to begin with?

So there also has to be thought about when you are making it public, how can we get it down to a manageable number that focuses on the really important things, but also provides information useful for amending or developing public policy on a going-forward basis?

Mr. Gerrard: I would follow that comment up with a comment with regard to the importance of picking key targets, key measures of performance which are representative. For example, the experience in looking at cardiac surgery has been that one of the common procedures, the isolated coronary bypass procedure, looking at what would be called a hard outcome, that is mortality rates from isolated coronary bypass procedure can be used as a pretty standard way of comparing across jurisdictions, particularly when it is risk adjusted as the Koshal report indicated is a standard approach, that this can be a pretty effective single indicator of how your cardiac surgery program is doing and that clearly it would seem to me that done properly and with key performance measurements, that this could be very useful and would avoid the problems with information overload but would provide a much better assessment of real performance.

I do not know whether the Auditor General would comment.

Mr. Singleton: I think part of what you are reflecting there is perhaps a need to distinguish between performance reporting internally in order to monitor the success of programs and develop approaches to keeping them on track which, clearly, management is able to deal with a lot more details, a lot more indicators in each program than would be necessary to report out to the public.

Now, it might be that one would pick that particular indicator. You could decide, well, that one is really key in Manitoba to be measuring and reporting on publicly. But there are probably thousands of other potential indicators just within the health care field that one might want to just keep internal in order to make sure you are just providing the essential information the public needs and the members of the Legislature need in order to assess the effectiveness of the program.

Mr. Gerrard: I think that the recognition, for example, in cardiac surgery of why this is important is that it is fairly standard, you have an easy way of measuring the end results, and that it has been adopted by jurisdictions like New York state in a way that has had quite a significant impact to reduce mortality rates compared to other jurisdictions and that publicly making available key indicators which are representative of performance can be quite helpful. So we are certainly looking forward to the Auditor General's report on the progress in this area.

I would have one other question on this issue of public accountability reporting. In the recommendation, it said a new format for departmental annual reports that includes the reporting of business plans and performance, but, I mean, clearly we have in addition to departments as entities a lot of Crown corporations, for example, and they may be structured a little bit more to produce business plans. But I presume that the Auditor General's recommendations would apply to Crown corporations in the same sort of fashion.

Mr. Singleton: Certainly, the principles would be the same, and, just for the interest of the

member, we have, in fact, produced a report which is an assessment of the quality of performance reporting by Crown corporations in Manitoba as well. Probably that will be on a future agenda of the Public Accounts Committee to discuss.

Mr. Gerrard: One of the things that we talked about earlier on in terms of public health care spending and measurements and reporting on public health care, one of the issues that I would ask for the Auditor General is whether it is desirable or not that departments report publicly on the allocation of funds which are made to meet the specific objective of target setting and performance measurement and improving this area.

* (15:10)

Mr. Singleton: Well, besides making public performance reporting a part of the annual reporting process, we also believe it would be useful to make summaries of the business plans, which would include those kinds of issues, available to the public as well, so that there is sort of both stages of the thing. There is a plan at the outset of here is what we want to accomplish and here are the resources that we have put in place to try to accomplish those.

Then at the end of the day, there is the performance report that says, well, how much of those plans did we, in fact, accomplish, and where we did not accomplish what we had hoped to, what the reasons are for that, whether they be something that is beyond the control of the Manitoba government, some external events or a need to reprioritize during the year and reallocate resources from what was planned to be done to some other issue which came up and which was determined to be of a higher priority at that time.

By doing all of that, it puts it all on the record and then there is a chance for an informed discussion and assessment of the success of a department or a program in meeting its objectives.

Mr. Gerrard: I note that one of the questions which you put forward is what incentives can be designed to encourage ministers and the

administration to analyze and utilize performance-based information. I would be interested in your comment and your thinking behind this in terms of how you would see things could be organized to improve the use of performance-based information within departments.

Mr. Singleton: The things I will throw out are just thoughts and ideas that one could consider. In terms of encouraging administrators, many jurisdictions use kind of a performance-based approach to programs, so that a part of a deputy minister's compensation may be dependent on achieving the objectives that he or she has agreed to achieve, and that can be pushed down to various levels within the organization.

I guess a situation where a minister is responsible overall for a department, for example, for a well-run department that is perhaps able to accomplish its objectives for less resources than were planned, perhaps there might be a mechanism for allowing the minister to transfer those resources to another worthwhile project that had not been funded as much as he would have hoped.

Some jurisdictions, as well, are looking at the issue of departments being able to carry over some funds from one year to another where there has been stellar performance that justifies carrying those funds over to achieve a particular objective.

But because we did not have any concrete answers to the question, we just threw the question out and challenged the administration to think about what might work in the Manitoba context.

Mr. Chairperson: Shall the Provincial Auditor's Report on Business Planning—*[interjection]*

Mr. David Faurshou (Portage la Prairie): I do just want to say on behalf of members of the Official Opposition, recognizing the tremendous amount of work and time invested in this document is greatly appreciated, and, I hope, at some juncture in time, we could move further on to the recommendations that have been proposed in the document.

This is vital to being accountable to the taxpayers of Manitoba, that we take and review

very seriously the recommendations within the document and to maintain the prosperity of this province through long-term planning.

Mr. Chairperson: The Provincial Auditor's Report on Business Planning and Performance Measurement for the period ending July 2000—pass.

The items next on the agenda, as has been discussed, will be deferred. I want also to point out, to be environmentally friendly, if you leave the reports here it will be then redistributed again at the next meeting so that we do not have duplication of costs.

So there will be a deferral of the Examination of School Board Governance in Manitoba dated October 2000. We will also defer the Provincial Auditor's Report on Compliance and Special Audits for the fiscal year ending March 31.

We will then move on to Public Accounts, Volume 1, for the fiscal year ending March 31, 2001. Shall the item pass?

Mr. Faurschou: I do want to ask the Auditor General a couple of questions, first being recognizing in consideration of ongoing pension liabilities by the Province of Manitoba, I see that we are still continuing to see an increase in the liability towards the teachers' retirement pensionable debt. I wondered if you could comment in that regard.

Mr. Chairperson: Was the question for Mr. Singleton or for the minister?

Mr. Faurschou: Whoever would feel comfortable in recognizing. It is just that the report highlights that there is an increase from March 31, 2000, to March 31, 2001, in liability by the Province of Manitoba for their 50% portion of the long-term pensionable liability of retired teachers.

Mr. Selinger: Well, the member will know that in our first year we recognized the importance of putting a long-term plan in place to address the pension liability. However, both the pension liability for teachers and public servants will continue to grow in the several years ahead,

maybe 10 to 15 years ahead, depending on how aggressive we are on addressing that. In each of the last three budgets, I have put in the discussion document in the budgets what happens with the decisions we have made.

We have allocated a certain portion of the \$96 million. You will recall that the Budget before this last one, the spring Budget, we also require every new civil servant now, their employer to pay their pension obligation. That has not been the case with school divisions at this stage of the game. So the civil service one will start to trend down a little faster than the teachers one. Both will trend down over time as we make more contributions to their funds, but the curves will be different because we have been a little more aggressive with the civil servants, with each new employee being hired, having their pension obligation looked after.

I think when we did the calculations, and this will change again depending on pension fund evaluations, of the actuarial evaluations of how they have done in the last three years, which have been challenging years for all funds. Those curves will change. But the original curves, I think it was about 15-16 years out, a couple of years ago that we started to flatten out the pension liability. That could change depending on these actuarial evaluations, but the sooner we get it to start flattening out the better it will be for the pensioners and the easier it will be on our budgets, because it will not be building every year another 5, 6, 7, 8 million dollars into the bottom line of the Budget, which is tough. You have to do it; you have an obligation by law to provide it, but it becomes almost like a fixed increase every year that you have to build into the Budget. So, if we can get that flattened out, that will help all of us.

Mr. Faurschou: The Teachers' Pension Act, do we have to provide amendment to that so that when the actual Manitoba Teachers' Society wants to increase the pensionable portioning to make it sustainable, do we have to amend the act?

* (15:20)

Mr. Selinger: My Comptroller informs me that contribution rates are defined in the act, and if

they were changed it would logically necessitate a change in the act.

Mr. Faurschou: Moving on to another section of the report in booklet 1, the tangible assets that are accounted for, which are owned properties, hard assets of the province, I see we have now added the land in this particular year and see that we are continuing to add in value of hard assets to the Province's bottom line. I am concerned as to the analysis by the Auditor General as to whether we are actually keeping up with the depreciation, the amortization of the hard assets, and whether we can further account for this by seeing these lines distributed into actual cost line items when we are considering the Budget.

Mr. Singleton: I cannot give you a definitive answer in terms of whether we are keeping up with our investment on those, although clearly the ability to ask and answer that question is enhanced, since for a number of years now it was actually the previous government that started reporting tangible capital assets in the financial statements. Because they are there now, one can see the depreciation and one can see whether the net book value is going up or down to get a bit of a sense in terms of whether we are allowing it to deteriorate or whether we are investing new monies into there.

To answer the question in detail takes a little bit closer look than just what is available in financial statements. Financial statements can give you a bit of an indicator about whether you want to probe further into a particular matter. One of the limitations in answering that question in Manitoba right now is that we have not yet begun to record infrastructure in our tangible capital assets. That is something that we have recommended, that the Government consider moving forward and adopting a process to begin recording and reporting on infrastructure investments as well. I am not sure exactly what state the Department of Finance is in moving forward on that, but I think that would be an additional bit of useful, helpful information to the members.

Mr. Selinger: The only comment I wanted to pass on this is that amortization of capital assets is actually structured into departmental Estimates now and departmental budgets so we can

start looking at that. As I understand it, it has been there since '99-2000.

Mr. Faurschou: It is there, although it is not truly defined insofar as the tangible asset is recorded, but depreciation is not a line item for consideration in the Budget. This is something that I believe as a member of the Legislature we are as much responsible for consideration of the liquid assets of the Province of Manitoba as are we for the hard assets of the Province of Manitoba. I speak very specifically of our infrastructure that is under the responsibility of Transportation and Government Services. If one was to look at the over \$7-billion worth of actual hard assets under the maintenance responsibility of that department, we are woefully underfunding the reinvestment in those hard assets, and it is incumbent upon ourselves as legislators to give the true picture to the taxpayers of Manitoba in regard to the reinvestment in that example as a department and the hard assets which they are responsible for.

Mr. Gerrard: I note at the beginning of the annual report that the minister has included a short economic report and some financial indicators, but in view of the discussion that we have had, I would offer the minister an opportunity to talk about whether, in fact, he is going to be setting some specific targets or just trends.

Mr. Selinger: Perhaps by way of illustrating the point I was making and as I listen to the discussion this morning, I think targets may or may not be relevant depending on the area of activity. On the debt to GDP ratio, I looked globally for what countries do or what the European Union does with respect to debt to GDP ratios and what targets they have. They vary. Most countries have nothing. The European Union has a target. We are pretty much there, as I understand it.

We checked with bond-rating agencies and they had no specific target, but what they wanted—and I think this is why I mentioned it earlier—was they wanted to see a certain trend over time. They wanted to see, obviously, a declining debt to GDP ratio trend over time. That is what we are trying to accomplish and have accomplished.

There is no absolute target that there is a consensus upon across the countries that do this

kind of reporting, and there is a very real debate about what an appropriate debt to GDP ratio is, because if that becomes your single focus, you just had a member from Portage la Prairie talk about an infrastructure deficit, and a debt to GDP ratio focussed on exclusively as being the most important target financially might short-change infrastructure renewal in a province or capital renewal in health care or capital renewal in schools or investment in technology to modernize government.

All of those are important things that are discussed in the budgeting process every year, and all of them have to be given due consideration relevant to where we want government to be as an effective and efficient provider of services to the public.

So, yes, the debt to GDP ratio should continue to trend down. Nobody has been able to demonstrate to me any academic literature or good public policy on what that target ought to be.

Mr. Gerrard: The debt to GDP ratio is actually a good indicator in this sense, that the European Union decided when they were setting up the monetary union that there was going to be a specific debt to GDP target. It was 60 percent. It is way above where we are in Manitoba, but there was a clear target that was set, a specific target for a specific purpose, to have the countries in the European Union aligned to some extent from a financial perspective.

Now, your discussion a moment ago about the indicators and about the use of the debt to GDP indicator, it is clearly a very important role of government to decide which indicators and targets the Government believes is most important. You may not as a government believe the debt to GDP ratio is your most critical target, but, surely, as a government, you must have some specific targets which you believe are the most important ones to achieve. What are they?

Mr. Selinger: Well, as I indicated, the people that rate our credit were looking for trend. They had no absolute target they were asking any government to achieve. They wanted to see a declining trend of debt to GDP over time. I specifically explored that question through my officials

because I thought it was an important question of public policy.

Now, if we adopted the European standard when it was brought in of 60 percent, as you indicated, we could spend our brains out on capital investments in this province, because we are at 36 percent, but that would not probably play well with bond rating agencies, because they would see the trend line going up. They would prefer to see it going down.

* (15:30)

There are some that say any debt is bad for a government. There are some ideological tendencies in our society that advocate that debt in absolute terms should never increase, it should only decrease, in which case the infrastructure deficit would be far more serious than it is already and the quality of our public institutional facilities would be in far worse shape than currently. There would be no room to reinvest in universities, colleges, public schools, health facilities, highways, not to mention any infrastructure we need related to sustainable development initiatives, clean water, for example.

So I think it is an important indicator, net debt to GDP ratio. I think we have to avoid a target which becomes rigid to the exclusion of other important public policy objectives while maintaining a healthy trend, which would be a declining trend. If you can keep your economy growing faster than any increases in debt so that your ratio continues to decline, bond rating agencies are in the main happy, and you still have the flexibility to invest in key public assets that grow the wealth of the province. Where the right balance is, that is one that we will have to discuss as politicians and public policy makers in this province, but I can tell you that in my search for absolute certainty of what that target should be, nobody has one out there around which there is a consensus, and fashions change.

There is now a shifting emphasis on reinvestment in infrastructure. The Ontario election was a fairly good indicator of that, I would say. After two terms of all the emphasis being on reducing debt and taxes, there became a widespread public perception that there needs to be a reinvestment in public services and

infrastructure in that province, the most populous province in the country. I am not saying it is right or wrong. I am just saying that fashions change. Governments have to respond to those public desires at the same time as they maintain a set of healthy financial indicators for the purposes of rating their debt.

Mr. Gerrard: I think what I am hearing is that you personally as Minister of Finance and as a representative of the Government do not believe in setting specific targets but rather in watching trends.

Mr. Selinger: No, I am saying it depends on the activity area we are looking at. Some areas it is probably more important than others. You gave an interesting example of an indicator in cardiology. You probably have a greater knowledge of that than I do. I would have to study it a lot further to see if it is a good indicator or a target.

I think in certain areas targets are probably more relevant and more useful than in other areas. My qualified answer would be that we should keep an open mind to targets and where they are appropriate and make sure that we do not develop an excessive slavish devotion to them that may be inappropriate for other activity areas, that we should look at it around the specific set of activities that we are examining to see how appropriate they are.

Mr. Gerrard: I would just take the next step, considering the report on business planning and performance indicators, and I would accept that in certain areas that we are fine to be following trends, but that there is a necessity to pick some areas where in fact we need targets. So I would ask you in terms of your planning as Minister of Finance, in your planning for the next annual report, as it were, coming down, whether you are going to start looking at a few areas where you really are going to set some targets, or whether you are just going to follow trends.

Mr. Selinger: My objective is that every year we show you financial indicators which show an improving financial health of the province. Then we will see what happens during the year in terms of all those things that none of us control out there in terms of world events.

The other thing I would say is that we should be a little careful about making this concern about targets a little too rigid. There was an entire era of five-year plans in certain countries around the world that had targets attached to them. Those targets were focussed on certain things to the exclusion of others. We saw tremendous environmental degradation in some of those states because that was not a target they were trying to achieve while they wanted to ramp up economic growth, for example.

The selection of targets is critical, the balance of targets selected and how slavishly you devote your energy to achieving them and what the costs are of getting there. We are trying to take a balanced approach in our financial targets. We are trying to take a balanced approach as a government in general in other departments in the objectives we try to achieve, whether it is trends or targets or a combination of the two of them, without becoming seduced by them to the point that we ignore costs that are being implicated by achieving those targets. So I just put a cautionary note out there for those who prefer a technocratic approach to governing that may exclude the role of policy judgment in the achievement of goals and outcomes.

Myself, I think that having measurable outcomes is desirable where those measurable outcomes do not exclude other important outcomes which may not be as measurable but may be as important in the quality of life for citizens in Manitoba. There is always a danger that you set targets around things you can measure and not around things that are harder to measure. The technology can distort the targets that are identified. I have seen this happen in other professional activities that I have been involved in. In Human Services, for example, some of the outcomes are extremely difficult to measure but equally as important as those things that are more easily measured.

Mr. Gerrard: I would ask, based on the report which we have just been through of the Office of the Provincial Auditor on Business Planning and Performance Measurement, what changes you are going to make in how you present your next annual report.

Mr. Selinger: Well, this report, I think, is an improvement over reports prior to that, and the

reports that are coming subsequent to this report we have tried to improve as well.

Every year we will look for ways to improve the reporting we make on the indicators that are selected, and we are open to discussion on what other indicators ought to be included or excluded in our discussion. That is an ongoing process of looking at ways to improve accountability in this regard.

Mr. Faurshou: I know the minister did not respond directly to my rant in regard to the infrastructure under the direction of Transportation and Government Services, but I want to emphasize to all members present today that we have a significant deficit in infrastructure.

For example, the first order of business for our Legislative Building guards when precipitation begins to fall is they are to run around the building putting buckets down to make certain they capture the water that makes its way through now in a lot of spots in a roof that is impervious.

I am really gravely concerned and I witnessed first-hand, as in the New Democratic Party caucus chambers, my office was totally flooded by a burst hot water pipe. These are happening right under our noses.

I know a bridge in northern Manitoba or a roadway in southwestern Manitoba is not as, perhaps, obvious to us as members, but it is still happening there too, and I am gravely concerned that we are not accounting for some of the lack of reinvestment in our hard infrastructure, and I really would like to see some of that brought forward in the Estimates.

Portage la Prairie, for instance, we just did a 30-year, very in-depth engineering study of the control structures on the Assiniboine for flood purposes, and fortunately the structures are still in good stead and will continue to serve Manitobans. However, if we are amortizing that over 30 years as was recommended by the engineers, I do not see anywhere in the line where we are going to have money set aside to replace, to repair those types of structures, and heaven help us all if those structures fail and ultimately downtown Winnipeg is flooded because the

structures on the Assiniboine failed to hold back the floodwaters in the springtime thaws.

So these are the concerns that I want to raise, and I know I started to raise them in Estimates, but the honourable Finance Minister recommended that I bring it to the Public Accounts Committee because that was a more appropriate venue. Thank you.

Mr. Selinger: I think, and I stand to be corrected, I actually hoped you would take it to the minister responsible for public infrastructure's Estimates for a more detailed discussion. But let me follow up.

* (15:40)

Would your desire to improve infrastructure be a higher priority than balanced budgets? Because that is a constraint. We could decide that this is an era where we want to invest in say, highways in Manitoba or clean water and put hundreds of millions of dollars into that very useful expenditure, with very good outcomes for transportation, economic development and even public health and we are doing many of these things already, but we could ramp that up significantly. But we have a constraint, and it is the law of the province at the moment.

In other eras, that constraint was not considered as important as we in the sixties and seventies built our infrastructure of schools and hospitals and highways and all of those things. The post-Second World War flourishing of infrastructure in this country was done to respond to that peace dividend that was coming after the Second World War where we put a lot of our resources into these things to allow a booming population, of which many of us are members of that, to flourish and to have proper education, which has generated economic benefits among the best in the world.

I remember when we had, I think it was during the Clinton era, I think it was the former governor of Michigan, Blanchard is the name that rings a bell, when he came up to visit Canada, he was astounded by the public infrastructure that we had in this country relative to his own country. He could not believe that a country of 32 million had the kind of

infrastructure that we had of public facilities relative to his own experience in his own country.

But I take the member's point. A lot of our infrastructure is now 40, 50 years old. I go to high schools. I have children playing basketball in those schools. I get to visit a lot of them, all around the province in some cases, and I take a look at them just as a citizen, and I ask myself: What condition are they in? Should they be improved? You could make an argument that there should be a significant increase in public schools facilities financing in the next 10, 15 years, and we are trying to do that. We have put more into that in the last four years.

But it is always a question again of how much, how fast and within what constraints and how is that priority trade-off against another priority that we have, and that is why I talked to the member from River Heights about debt-to-GDP ratio. If we took the absolute position that no new debt is a good thing, our infrastructure deficit in all areas would grow. If we took the position that infrastructure is more important than the debt-to-GDP ratio and spent more than we have spent at a rate far greater increasing our debt than growth in the economy, that trend would go in the other direction, and there have been times in the history of Canada when that has happened, when public expenditure on infrastructure has exceeded growth in the economy on the premise that it would provide a foundation for economic growth in the future.

These are public policy questions that are not easily resolved by technical discussions. They are resolved through public debate and selection of governments that respond to the desires of public at certain times in history.

I understand the member's point. I travel many roads and highways in this province, and some of them are in better shape than others. Obviously, all of us would like to have them improved, but I also have travelled in other jurisdictions where there are no paved highways or the only paved highway you can get on is one you pay a toll for, and all the rest are in very poor condition.

So, you know, there is no absolute answer to this, but it is an important point to keep

discussing. I understand where you are coming from. You live in an area where highways are critical to the movement of goods and services and populations. You travel on a highway that can be high risk at some parts of the year coming in and out of the city, and there are arguments to be made that that should be improved as part of our national highways program. I am not unsympathetic to that, as long as there is more than one jurisdiction paying for it as we go forward.

Mr. Faurschou: I appreciate the minister recognizing the concerns that I have. I am not going to take the hook of the minister in regard to the balanced budget legislation commentary. Where I am coming from is that I think we as legislators have to have the information in front of us year in, year out, to make that decision which we are elected to make as to whether a deficit is necessary in light of repairing the Red River Floodway for instance.

These are considerations that we have to make but without having the information in front of us year over year. That is why I asked the questions so that we can be conscious of it. I do recognize, because there is documented proof, that we do have a significant amount of infrastructure investment. In fact, we rank No. 2 in the world as to the amount of infrastructure pertaining to water management. Our investment exceeds that of the United States of America, and they are 10 times our size. Geographically, most of their working land mass is available to them most of the year, whereas a significant portion of our land mass is unavailable to us even at the best of the summertime temperatures.

So we do have a lot of infrastructure to maintain, but we still have to record it some place. I know that the Auditor General has referred to it, that we are moving in that direction, but I still would like to see that conveyed into the budgetary process in the consideration of Estimates.

Mrs. Mavis Taillieu (Morris): I am new to this process, so I would just like to ask a question. I hope it is appropriate at this point. Under Flood Costs it says: A provision has been made at March 31, 2001, for claims related to the floods of '97 and '99, and disaster financial assistance in

2000. It says that "the government's share of these costs in the future is uncertain at the date these financial statements were issued."

Is there certainty now in regard to the flood settlements? Is there anything further on that or when will it be?

Mr. Selinger: The member is referring to 9.B on page 45. Is that the reference?

Mrs. Taillieu: I am actually referring to—well, it is on page 81 that I am quoting from, at the top.

Mr. Selinger: I am informed by the provincial Comptroller that the '97 to '99 flood claims are

virtually complete, and they are awaiting a federal audit of all those claims and verification.

Mr. Chairperson: Public Accounts Volume 1 for the fiscal year ending March 31, 2001—pass; Volume 2 of March 31, 2001—pass; Volume 3 of the fiscal year ending March 31, 2001—pass; Public Accounts Volume 4 for the fiscal year ending March 31, 2001—pass.

The hour being 3:50 p.m., what is the will of the committee?

Some Honourable Members: Committee rise.

Mr. Chairperson: Committee rise.

COMMITTEE ROSE AT: 3:50 p.m.